



ELECTION '97: no one's pulling our strings

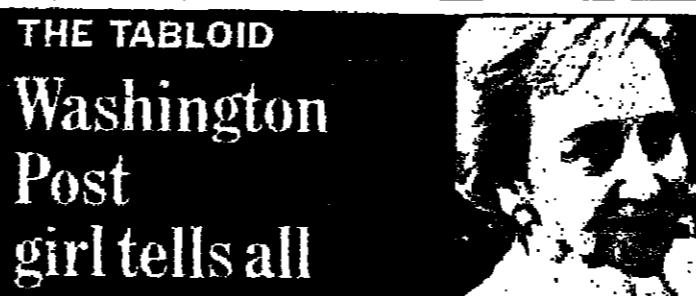


THE INDEPENDENT

N° 3,220

THE TABLOID

Oh valentine
8 pages of passion



THE TABLOID

Washington Post
girl tells all

ESSAY

Fisk in Ireland:
In search of the border



FRIDAY 14 FEBRUARY 1997

WEATHER: Mainly dry, some sun

(IR4Sp) 40p

The gangster regime we fund

EXCLUSIVE

Andrew Gammel

Western governments have failed to heed clear warnings from their intelligence services that the Albanian government is deeply involved in organised crime rackets.

According to a number of intelligence sources from different countries contacted by *The Independent*, classified documents have circulated in Western capitals for the last two years citing evidence of collusion and active participation by members of the ruling Democratic Party, including government ministers, in drugs trafficking, illegal arms trading and, until the end of the war in Bosnia, large-scale sanctions-busting via oil sales to Serbia and Montenegro.

Yet the West, and Europe in particular, has pursued a policy of almost unconditional support for President Sali Berisha and his government. With the country now sliding into anarchy as a result of the collapse of a series of shady pyramid investment schemes, the belief that Mr Berisha could provide stability in one corner of the Balkans has been shattered, and the West must now ask itself why it did not see the débâcle coming.

"I find it amazing that nobody has blown the lid on what has been going on in Albania because it is truly mind-boggling," one intelligence source said. "We have been passing this stuff on but nobody in government wants to know."

Politicians in France, Germany and Italy have continued to praise President Berisha in public as a man committed to peace, free markets and the democratic process. Britain established full diplomatic relations with Albania last year, and Tony Blair, the Foreign Secretary, visiting the capital, Tirana, made the charge d'affaires, Andrew Rossiter, Ambassador. Mr Berisha paid an impressive tribute to John Major during the Foreign Secretary's visit and declared: "I want to thank all British taxpayers for their aid to my country". Mr Berisha's Democratic Party is even allied to the Conservative Party through membership of the European Democratic Union, a grouping of centre-right parties.

But intelligence services have been reporting unanimously that Albania

I want to thank all British taxpayers for their aid to my country — Albania's President Sali Berisha



gations of criminal activity behind the pyramid schemes has been ignored by Western officials. Mr Luigi Vigna, Italy's chief anti-Mafia prosecutor, confirmed a report by a small business association that Italian organised crime groups had sunk money into the schemes to raise start-up capital for new ventures. He noted that Albania had become a significant producer of marijuana and was dabbling in the cultivation of coca, the raw material for cocaine.

None of these allegations came as a surprise to ordinary Albanians who have long since lost faith in the decency of their political system and have relied on the endemic corruption in the country to haul themselves out of poverty through various private scams. If anything 1 million people sank hard-earned foreign currency into the pyramid schemes, it was

based on a calculated assumption that the government was underwriting the operations with dirty money.

President Berisha and his government have been deeply unpopular for more than two years as their reputation as champions of democracy and free markets has been tarnished by increasing repression against the political opposition, the independent media and the institutions of state, starting with the judiciary, which have been purged of anti-government voices.

General elections held last May were denounced at home and abroad as invalid because of widespread voting-rigging and intimidation witnessed by international monitors from the Organisation for Security and Cooperation in Europe. Albania has been a de facto one-party state ever since. Local elections held in October were almost certainly rigged as well.

Since the outbreak a month ago of rioting connected to the collapse of the pyramid schemes, there have been waves of mass arrests and reports of beatings in custody. Tirana, the capital, is awash with secret service agents and intellectuals and opposition figures have been attacked at random.

money on a street in Tirana, capital of Albania, which is sliding into anarchy as a result of shady pyramid investment schemes

Photograph: Elio Paoni

is believed to be organised by Shki, the state security police, in conjunction with police in the countries with which Albania shares a border.

Intelligence agents are convinced

the chain of command in the rackets goes all the way to the top and have had no hesitation in naming ministers in their reports. One minister suspected of direct involvement in running the drug racket has

been accused of abusing his position to transport illicit goods is still in office.

During the war in Bosnia the company that enjoyed a monopoly on the import and export of oil was run directly by the Democratic Party and chaired by its chief, Ibrahim Shehu, now the Deputy Prime Minister and Foreign Minister.

Intelligence sources further allege that Shkipona, a company run open-

ly by the DP, was used to run guns and drugs, and these rackets are continuing in other forms.

The pyramid schemes — the various pseudo-banks that succeeded in sucking in funds from almost every Albanian household with the promise of exorbitant interest payments before going bust — also have the government's fingerprints all over them. Two weeks ago, *The Independent* reported suspicions that

the schemes were buoyed up by the influx of funds from organised crime and used for money-laundering.

The biggest of all the schemes, run by Albania's largest private company Vefra Holdings, is identified closely with the government and has lavishly funded the DP's election campaigns. It is also under investigation in Italy for ties to the Mafias of Sicily, Calabria and Puglia.

For the first time this week, alle-

Boeing superjet in safety probe

EXCLUSIVE

Ramsey Ramsej
Transport Correspondent

An investigation has been launched into the new generation of superjet used by British Airways after one of the airline's planes began to roll uncontrollably and had to return to Heathrow.

The Air Accidents Investigation Board, the Government's safety adviser, is investigating the incident involving the BA Boeing 777 after a team from the plane's manufacturers spent a week examining the jet, but failed to reach a conclusion.

The BA flight 133, which was carrying 88 passengers to Jeddah in Saudi Arabia, was forced to return to Heathrow airport after being in the air for a little over two hours when the

aircraft started rolling mysteriously on 25 March last October.

The cabin crew were alerted when a passenger reported to a friend noticed that the wing flaps seemed to be moving randomly. When the first officer returned to the flightdeck, he was unable to understand the actions of the aircraft's computers.

In an "mandatory occurrence" report to the Civil Aviation Authority, the airline said that a "mechanical fault [was] carried out... by mistake" without permission required.

A team of Boeing engineers spent a week examining the aircraft and questioning cabin crew but were unable to explain the incident. Parts were also tested in Boeing's headquarters in Seattle, but technicians could not explain the jet's random movements.

British Airways said that it was now monitoring flights of another 15 — an order worth £7m.

777's "Safety is paramount for our customers. Our initial conclusion is that the roll was caused by rudder movement," said a spokesman for the airline.

The 777 is considered one of the most sophisticated in the world. It uses the latest fly-by-wire technology.

Produced by Boeing a little over three years ago, British Airways ordered 15 immediately and have an option to buy another 15 — an order worth £7m.

Once on the ground, the aircraft's black box flight recorder revealed that the movement was caused by "uncommanded" rudder movements which the aircraft's sophisticated flight computer had tried to rectify by using the flaps on the wings.

Safety campaigners said they were "concerned" by the investigation. "Boeing were made to carry out changes on the 737s, but only after the US government acted. Will they now act on the 777?" said William Beckitt, who lost his daughter in the Manchester disaster in 1985 and chairs a safety pressure group set up soon afterwards.

Boeing says that the company has been unable to replicate the "unusual" situation. "There have been no other occurrences of the incident by BA or any other 777 operator around the world," said a company spokeswoman.

Errant rudder movements have sparked a controversial debate in the aircraft world. Last month, Washington ordered airlines around the world to fit newly developed rudder systems

Sophisticated: The Boeing 777 uses cutting-edge technology

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QUICKLY

Lawrence appeal
The family of murdered black teenager Stephen Lawrence said they were planning civil action for damages against white youths suspected of his stabbing. They appealed for help from witnesses. Page 5

Ulster on alert

Security forces in Northern Ireland were on alert following the IRA killing of a soldier in South Armagh on Wednesday, which produced a wave of condemnation in Britain and Ireland and increased fears of a fresh spiral of violence. Page 5

Unionist rescue
David Trimble, the Ulster Unionist leader, gave a clear signal that his party would save the Government from defeat when Labour brings its censure motion on Monday. Labour privately discounted defeating the Government. Page 6

Windfall promise

Labour's new windfall tax, which is expected to "comfortably" raise at least £3bn, would form part of Gordon Brown's first Budget. Page 12

Grobelaar 'ploy'

Goalkeeper Bruce Grobelaar told a court that he "played along" with his former business partner, Christopher Vincent, to find out who was behind a plot to fix games. Page 9

Fallen hero

Revered Israeli military leader Gen Moshe Dayan looted archaeological sites and territories conquered by the Israeli army. He got away with it because he was a national hero who could do no wrong. Page 13

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Crime Bill teeters after Lords defeat

Fran Abrams
Political Correspondent

Ministers plan to impose minimum sentences on persistent offenders were in disarray last night after peers inflicted a damaging defeat on the Government in the House of Lords.

Opposition amendments to give flexibility to judges were carried by just eight votes after the Home Secretary warned that the move would "drive a coach and horses" through the Crime Bill.

Last night, the Home Office confirmed that Michael Howard would attempt to repair his Bill in the House of Commons. The move may leave him exposed to a further revolt from some Conservative backbenchers who are known to be unhappy about the measures.

The Bill imposes compulsory sentences of seven years on third-time drug dealers and of three years on third-time burglars as well as imposing life sentences on second-time violent

and sexual offenders. It allows discretion for judges in exceptional circumstances, but peers from both sides of the house argued that it was too narrow.

They voted 180 to 172 for an amendment which would allow judges to impose shorter sentences on burglars and drug dealers if they felt circumstances demanded it.

Among those who opposed the Government in the Lords yesterday were the former Master of the Rolls, Lord Donaldson

and the Lord Chief Justice,

Lord Bingham, Lord Hailsham, a Tory Lord Chancellor, also voted against the Government.

Lord Bingham defied his opponents to find a criminal justice system that worked better than the British one.

"All we are asking is for the courts to be able to decline to pass sentences which are against their professional or moral consciences. Surely that isn't asking too much," he said.

However, Home Office minister Baroness Blatch said the amendments would wreck the Bill. They would allow judges to make exceptions in all cases if they wanted, she said.

Labour home affairs spokes-

man in the Lords, Lord McIntosh of Haringey, said a huge variety of offences would be covered by the measures.

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Labour home affairs spokes-

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news

significant shorts

Detective warns Sams could strike again

The detective who helped capture Michael Sams yesterday warned that the killer "has nothing to lose by playing his games" and could strike again behind bars.

Sams, who was yesterday cleared of attempted murder but convicted of false imprisonment for attacking a probation officer in Wakefield Prison, is serving life for the murder of teenager Julie Dart and kidnap of estate agent Stephanie Starer.

But West Yorkshire Detective Superintendent Bob Taylor, who led the Julie Dart murder inquiry, said Sams enjoyed playing games with the authorities and was unlikely to stop.

"Sometimes what he does is for fame," he said. "I think a significant fact is that during the latest incident the Rose West trial was on and I suspect he didn't like being knocked off the front page. He has nothing to lose by playing his games - he's got nothing else to amuse him."

"Sandy I don't think this will be the last thing we hear from him."

Call for register of childcarers

Nursery nurses yesterday called for a national compulsory register of nannies and other childcarers amid concern that as many of half of those calling themselves nannies may be unqualified.

The demand from the Professional Association of Nursery Nurses came after 18-year-old Louise Woodward, working in America as an au pair, was accused of murdering the nine-month-old baby in her care.

The Pann, whose 4,500 members all have formal nursery nursing qualifications, called for nannies and nursery nurses to be included in the national register of child minders held by local authorities. Childminders are obliged to register, but nannies and nursery nurses are not. The organisation also underlined the difference between nannies and au pairs, like Ms Woodward, who are unqualified and are working primarily to gain experience of a foreign country. Lucy Ward

Beckett letters given to university

Trinity College in Dublin yesterday received more than 680 letters written by playwright Samuel Beckett (left) to a woman friend.

They were written over a 32-year period to radio drama producer Barbara Bray, who had a close personal and professional relationship with Beckett, and now lives in Paris.

Ms Bray was at the ceremony in the university, where Beckett studied modern languages in the 1920s.

Elton John cancels HK concert

Elton John's management company has pulled out of negotiations to stage two huge concerts in Hong Kong to mark the handover of the colony to China at the end of June.

The sticking point was the failure of organisers to gain a waiver to strict noise restrictions at the Hong Kong stadium. Councillors were proposing that 40,000 concert goers each night should listen to Elton John on headphones rather than allow noise levels to rise above 70 decibels. John Reid Enterprises said the noise restriction made it "impossible" to stage the concerts.

Furry Animal fined over cocaine

Rock star Huw "Bunf" Bunford, guitarist with the Super Furry Animals, was fined £700 yesterday for possessing cocaine found in his car. Bunford, 29, admitted possessing 2.65 grammes of cocaine worth £200. He was ordered to pay £54 costs by the Newtown magistrates.

THE INDEPENDENT ABROAD

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SANDRA BULLOCK CHRIS O'DONNELL

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"SANDRA BULLOCK IS WONDERFUL"



RICHARD ATTENBOROUGH FILM

IN
LOVE
AND WAR

AT CINEMAS NATIONWIDE NOW

people



Smooth operator: Sobhraj is escorted from court after being granted bail (Photograph: Reuters)

Asia's Charles Manson to walk free after 20 years

A smooth-talking serial killer who befriended travellers along the 1970s hippie trail, then drugged them and left trail bodies across Nepal, Thailand, and India, is about to walk free from New Delhi's Tihar Jail after almost 20 years.

Charles Sobhraj, at 52, still has the lethal charms of an Asian Charles Manson. Even from behind bars, his young female admirers become willing accomplices. In jail, he's had a string of fiancées - mostly foreigners held for dealing drugs. He has pledged to marry a Punjabi girl half his age just two days after his release - which may be this morning Valentine's Day, or, more likely, on Monday.

Sobhraj, who once boasted to his biographers that he committed ten murders in 1976 alone, is more cunning now and denies everything. "I regret the past, but don't ask me which part," he told reporters outside a bail hearing this week.

He bungled badly on 5 July, 1976, when he drugged a group of 60 French tourists in New Delhi, intending to swipe their passports and cash, but miscalculated the dose. The manager of the Vikram Hotel, apathetic when the guests all collapsed in his lobby, summoned the police. Sobhraj also had his collar felt for another memorable felony: he seduced a dancing girl who occupied a strategically placed hotel room, then gagged her and tied her to the bed while he sawed through the floor and looted sacks of gems from the jewellery store directly underneath.

During his years in prison, Sobhraj has pored over law books and considers himself an expert on international extradition. To dodge arrest for the notorious "bikini murders" of five female tourists on the beaches, which would have led to almost certain capital punishment and a death penalty, Sobhraj extended his prison sentence on purpose by masterminding an elaborate escape from the high-security Tihar Jail. On his birthday, he gave poisoned sweets to the wardens and was released free, along with a gullible British inmate, David Hall, who he lured into the plot. He then flattered himself as a high-profile fugitive in Goa until Indian police re-arrested him. Absconding charges kept him in custody while his lawyer summoned 102 defence witnesses. The gambit worked, and the Thai extradition orders expired this year.

Meanwhile, he has become a new French hero, and not only because he carries a French passport.

His earlier escapes from prisons in Rhodes, Bombay, Kabul, and the Greek island of Aegina were quite dramatic and risky. But Sobhraj never swaggers, even though he's basic in media attention and would frequently telephone reporters from his cell. His voice is soft and disarmingly "The man sucks curiosity out of you," a prison warden said. He even managed to win over the Prison Inspector General, Kiran Bedi, who was dismissed early from her post partly because she'd granted Sobhraj too many special privileges.

Recently, he sold a Paris production company the film rights to his life story for \$16m. Once he picks up his new passport, he will be free to roam again. He is still handsome with exotic features. You have been warned.

Jan McGirk, New Delhi

Life for road-rage killer who shot man in face after cars collided

An armed motorist who murdered one car passenger and seriously wounded another in a "chilling" case of "road rage taken to its extremes", was jailed for life yesterday.

Lee Gardiner, 25, (right), a father-of-one from Tottenham, north London, told his victims "I've got something nice for you" before gunning them down on Bank Holiday Monday in May last year.

He shot the first one in the face, fracturing his jaw, and then pumped two bullets into the head of a second man, killing him instantly.

The car dealer then turned to two terrified bystanders who had witnessed the shooting and boasted: "Me a bad boy. Me a gangster."

Southwark Crown Court jury who tried him took less than two hours to convict him of murdering

blasting a man in the chest with a shotgun following a petty dispute over a stolen car radio.

At the time of the road-rage shooting, Gardiner had been remanded on bail for burglary and beating the home-owner over the head with an iron bar. He had recently been released from a two-year jail sentence.

Passing sentence, Judge Gerald Butler QC told Gardiner: "It is a chilling thought that you murdered one man and attempted to murder another simply because they were in a car that was in collision with yours."

"It is apparent from your record and from these offences that you are a very dangerous man."

He said Gardiner would have to serve a mandatory life sentence for murder and a concurrent 15-year term for attempted murder.

Bad day for Penguin as new man takes over

In the latest chapter of the publishing world's roller-coaster tale of executive seat-swapping, former financial journalist Duncan Campbell-Smith was yesterday appointed head of group strategy for Penguin, just as the troubled publishing house announced £100m financial irregularities.

Mr Campbell-Smith, 46, has been made responsible for "clarifying key strategic issues" for the group, which has seen a major reshuffle of senior editing staff in recent months.

The former editor of the *Financial Times*' Lex column had a foretaste of trouble when he took charge of corporate relations for Pearson while its software arm, Mindscape, was heading for losses of £46m. But he stepped out of the fray to

attend an MBA course at the London Business School and then moved to Penguin, a subsidiary of Pearson, as business development director last May.

He was a journalist at the *Financial Times* for seven years before working as a management consultant. He is also the author of a book on the privatisation of British Airways, published in 1996.

The publishing world has lately been enlivened by gossip generated by job-swapping in the upper echelons of the business. The top job at Penguin Group was recently taken by Helen Fraser, formerly MD of the Reed Group of publishers, while Clare Alexander, who headed Viking, Penguin's classy-but-popular imprint, quit to join Macmillan. Louise Jury

Penguin Scandal, page 20

briefing

HEALTH

Cancer diagnosis can take up to three years

Patients with life-threatening cancers of the stomach and throat face waiting between 17 weeks and, in rare cases, three years before their condition is diagnosed and treatment begins, according to a report. In some cases, tumours, particularly of the stomach, could double in size at least once during this waiting period, and may severely affect the patient's chances of survival.

Iain Martin, a consultant surgeon at Leeds General Infirmary, and colleagues, examined the time taken to diagnose stomach or throat cancer in 115 patients. Their report, in tomorrow's issue of the *British Medical Journal*, says that the average delay from first symptoms to diagnosis was 17 weeks. The shortest wait was one week and the longest three-and-a-half years.

A quarter of patients faced delays of more than seven months before diagnosis. Delays occurred at all stages of consultation, but the longest involved the hospital. Patients were usually quick to seek medical advice for their symptoms but "much of the delay in diagnosis could be avoided if GPs referred patients promptly for investigation, and a sense of urgency was imparted to the hospital's diagnosis process," the doctors said.

ENVIRONMENT

Action urged to curb traffic growth

Private car use will keep on rising, along with the harm it does society, unless Government takes much firmer action to prevent it, ministerial advisers warn today. The UK Round Table on Sustainable Development, set up after the Rio Earth Summit to advise the Government on long-term economic and environmental issues, reached its conclusions after making a study of Northampton, a fast growing town near the M1 whose inhabitants and businesses are more car-dependent than the average.

Although the county and borough (town) councils had good intentions and wanted people to make more use of public transport, bicycles and walking, economic realities dictated otherwise. The councils either lacked the powers needed to act decisively in favour of more environmentally friendly forms of transport or feared that if they did important local businesses would desert Northampton for other, more car friendly towns.

The report singles out Barclaycard, which employs 2,500 in Northampton. It moved from the town centre to a new site, on the edge of town, which was poorly served by public transport, causing a large increase in car travel. The council did not dare to decline planning permission for the move.

Getting Around Town, UK Round Table Secretariat, Room P1021, 2 Marsham Street, London SW1P 3EB. Nicholas Schoon



TRAVEL

Airport exodus is weatherproof

The number of people passing through Britain's major airports rose again last month, despite bad weather hitting flights, it was announced yesterday. BAA handled 6.7 million passengers at its seven airports in January 1997 - a 5.2 per cent rise on the January 1996 figure. The annual increase would have been around 6 per cent were it not for fog affecting some London flights.

Despite this, Stansted enjoyed an 11.4 per cent increase last month, while numbers at Gatwick were up 9 per cent, at Heathrow by 3 per cent and at Southampton up by 3.9 per cent. Edinburgh airport handled 11.9 per cent more passengers in January.

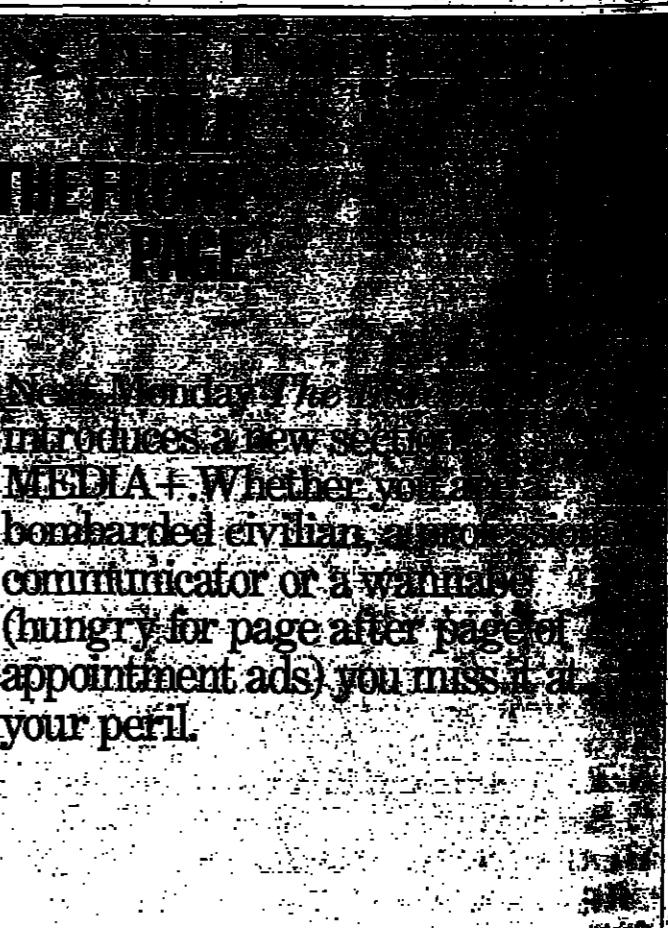
Across the board, numbers on North Atlantic routes were up 12.2 per cent and other long haul routes rose by 7.9 per cent. Domestic traffic increased 4.5 per cent, with Edinburgh's domestic numbers doing particularly well - rising by 15.5 per cent.

MOTORING

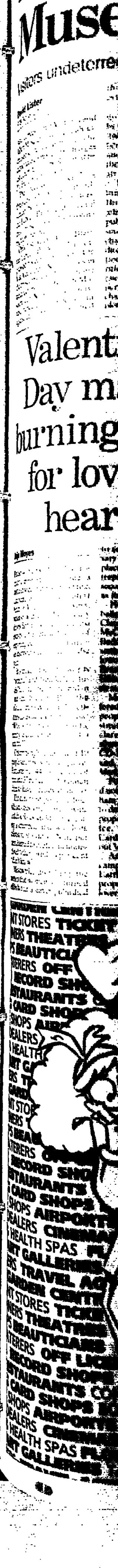
No calls please, I'm driving

Motorists using mobile phones are four times more likely to have accidents than others, a survey suggests. Even those with mobile phones that did not need to be hand-held were far more likely to have accidents than those in phone-free vehicles, it claimed.

The survey of 700 drivers with car phones, conducted by two Canadian doctors and published in the *New England Journal of Medicine*, concluded that mobile phones made accidents more likely not because drivers' hands were occupied but because concentration was distracted.

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expertise in the safe supply of gas to your home. You will still be able to rely on the 24 hour emergency service, operated by Transco. And, as a British Gas customer, you will still be able to take advantage of all the other products, services and payment plans on offer.

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Which is good news for us and even better news for you.

British Gas

Soldier's killing raises fears of renewed violence

David McKittrick
Ireland Correspondent

The IRA shooting of a soldier in south Armagh on Wednesday night produced a wave of condemnation in Britain and Ireland yesterday.

As fears increased of a fresh spiral of violence in Northern Ireland in the wake of the killing, the Royal Ulster Constabulary said last night that a bomb left on a housing estate in Co Armagh had been defused. The anti-personnel device containing Semtex, nuts and bolts was found during searches of the Kilkeel estate in Lurgan, where a rifle and pistols had been discovered on Wednesday.

The general dismay in Britain and Ireland at the latest casualty of the troubles was tinged with poignancy when it emerged that the victim was a popular young soldier who was shot in the back as he spoke to a female motorist in south Armagh.

Yesterday brought numerous appeals to loyalist paramilitary groups not to become involved in violent retaliation for the killing. The Secretary of State for Northern Ireland, Sir Patrick Mayhew, said: "Don't lower yourselves to the standards, the level, of the people

who have done this."

The soldier who died was Lance Bombardier Stephen Restorick, 23, a single man serving with the 3rd Regiment of the Royal Horse Artillery. His family live in Peterborough.

His mother, Rita, said yesterday: "He was last home at Christmas for a week but we hardly saw him because he was always out.

He was full of life and you would only see him for an hour at a time. He was always out with his friends or at a disco or something.

He was a normal young man enjoying himself. I don't want this to be the thing that starts off the troubles again."

The killing marked the return to violent life of the IRA's south Armagh unit, which has been unusually quiet recently. It also confirms that the security forces have yet to develop effective counters to the lethal activities of IRA snipers in south Armagh and other border districts.

Between 1992 and 1994 nine members of the security forces – six soldiers and three police officers – died in single-shot sniping incidents. Nine of the last 10 soldiers killed in Northern Ireland prior to the IRA's August 1994 ceasefire died in Co Armagh. Of these, six were killed in single-shot sniping incidents. In addition, three RUC

officers died in the county in similar sniping attacks.

Condemnation of the killing was led by John Major and the Taoiseach, John Bruton, who told the Dail in Dublin: "The IRA campaign is anti-Irish, and contrary to the interests of all in Ireland."

Labour's spokeswoman on Northern Ireland, Marjorie Mowlam, said that her party had a host of ideas for reviving the peace process, pledging: "We will not respond to violence of that kind. We will be as tough as this government has been."

David Ervine of the Progressive Unionist Party, which is closely associated with the paramilitary Ulster Volunteer Force, described the situation as "particularly dangerous". He added: "Northern Ireland is a rather unstable place at the moment but loyalist politicians are doing everything we can to stop a slide back to loyalist violence – we are not giving up."

Mitchel McLaughlin of Sinn Fein refused to condemn the killing, saying that he would not "play word games". He declared: "There is an opportunity available on the other side of the British general election with a strengthened British government."

Robert Fisk, page 18



Law enforcement: Police guarding the Royal Courts of Justice, which were sealed off yesterday after a woman with a gun threatened two judges. Photograph: Jason Bye

Woman in gun threat to appeal court judges

Matthew Brace

Two judges were threatened in the Royal Courts of Justice in London yesterday by a woman carrying what was believed to be an imitation handgun.

The dark-haired woman, who was wearing a green anorak and believed to be in her early twenties, walked calmly into Court No 7 through a door normally used by solicitors and up the steps to the judges' bench.

According to Michael Stokes QC, a barrister who had just walked into the court room to oppose an appeal in a murder case, the woman then took out the gun and pointed it at two senior Court of Appeal judges – Lord Justice Beldam and Mrs Justice Bracewell. A third judge, Mr Justice Mance, managed to scramble out of a door and raise the alarm.

The woman shouted: "I have been assaulted, I'm tired of being assaulted. I'm tired of being assaulted." She looked at me and said: "You, don't move." I was about 20 feet away," he said.

Mr Stokes said as he walked in to the court, the turned and pointed the gun at him. "She looked at me and said: "You, don't move." I was about 20 feet away," he said.

"My junior, Amjad Malik, who was in front of me, said: "There's a woman pointing a gun at you". So I turned around and walked out again," said Mr Stokes, adding: "I must admit the gun didn't look real. It looked more like a Rambo-type thing, a fake one."

Another barrister, Tim MacKinnon, who was conducting an appeal in the court when the woman walked in, said that Lord Justice Beldam and Mrs Justice Bracewell deserved medals for bravery.

"The woman pointed the gun at the judges and said: "People will be shot unless my appeal is heard today. They have taken my children". Mr Justice Mance calmly left the court to raise the alarm while his fellow judges urged the woman to put down the gun."

Mr MacKinnon said Mrs Justice Bracewell told the woman: "Why don't you put your gun down. Let's consider this."

Armed police evacuated the courts, situated in the Strand in central London, and sealed them off along with the surrounding streets as they searched for the woman.

Court No 7 is on the first floor of the Royal Courts building, near to the courts of the Lord Chief Justice and the Master of the Rolls.

The woman is believed to be known to the courts' security staff. A Scudlark Yard spokesman said yesterday that there was "no suggestion" that anyone had been taken hostage by the woman. She added: "As far as we know nobody has been hurt or taken hostage in the incident."

Yesterday evening at 5.30pm the courts were still sealed off.

Lawrence family to sue white youths over death

David Garfinkel

The grieving family of the murdered black teenager Stephen Lawrence yesterday announced they were planning civil action against white youths suspected of his brutal stabbing.

Speaking on behalf of the family, their solicitor, Imran Khan, appealed for witnesses to come forward to help assess the action for damages after an inquest into his death decided he was unlawfully killed.

"We are strongly considering taking further legal action against those individuals we think may have been responsible in some way and we hope during these proceedings no one can possibly claim privilege."

The family has also decided to lodge a formal complaint against the conduct of the police officers who investigated the murder scene. They maintain the police failed to carry out a thorough search based on an anonymous tip-off they received, and did not use the crime

intelligence available to them to track down the suspects before vital evidence was lost.

Outside Southwark coroner's court, south London, a prepared statement by Stephen's mother, Doreen Lawrence, 44, was read out.

"There were times this week when I was not sure whether I was in a court room listening to evidence of how my son was killed or at a circus watching a performance. It became a mockery of trying to get to the truth," she said.

"What was coming across for me was that none of the officers saw fit to go round to known suspects' homes even to eliminate them from the inquiry.

"Right from the start on the night our son was murdered, it seemed that in the minds of the police he was only a black boy, so why bother. No one can convince me otherwise."

She added: "There are two questions I would like the police to answer: Are all the officers trained in basic first aid or

were it because they just did not want to get their hands dirty with a black man's blood?"

Miss Lawrence broke down in tears on hearing the verdict of unlawful killing, after the jury agreed Stephen had died from an unprovoked attack by five white youths.

On directing the jury, the Southwark coroner, Sir Montague Levine, said it would be perverse to give any other verdict. "This was an horrific crime and totally unprovoked in which a group of cowardly young men attacked an unsuspecting youth, which resulted in him bleeding to death," he said.

Five white youths were accused of murdering the promising A-level student as he waited for a bus in Eltham, south-east London, in April 1993, but the charges were dropped by the Crown Prosecution. A private prosecution by Mrs Lawrence also failed.

The Metropolitan Police said they had done all they could to find Lawrence's killers.

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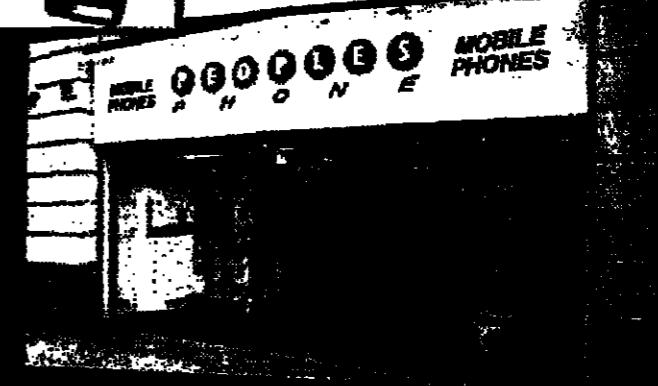
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PRIME MINISTER'S QUESTIONS
SCORING THE EXCHANGES

John Major
3/10

Major deserves credit for straightforwardly answering one of Blair's four specific questions (albeit on the second time of asking). For the rest of the time he resorted to evading Blair's criticism of the Government with criticism of British beef.

Tony Blair
6/10

Blair put Major on the spot with his questions on beef. After that, he only had to point out that Major didn't want to answer them. He justifiably reminded Major that BSE has been said to stand for "blame someone else" - on this occasion, Labour.

THEMES OF THE DAY

The effect of state subsidies within the EU (John Wilkinson, C, Ruislip-Northwood)

The state of the nation and need for a general election (Paddy Ashdown)

The unemployment figures (David Marshall, Lab, Glasgow Shettleston)

The Conservative and Labour parties (Stephen Day, C, Cheshire)

BLAIR'S ATTACK

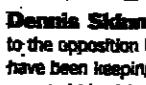
Given the subject of Monday's censure motion, Major might have expected Blair to attack on beef. Blair asked him to confirm that neither the promised end of the European ban nor the start of selective slaughter had yet come about; and that the cost of the BSE crisis has been £2.3bn. Major blamed Harriet Harman, Labour's former spokeswoman on health, for "a very substantial part" of the damage caused by the BSE crisis.

GOOD DAY...



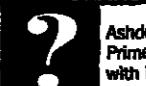
Dennis Skinner backed Major to the opposition benches, where "I have been keeping this seat warm. He narrated his vision in which a defeated Major had to 'vote for one of those Tory bastards' (Redwood, Portillo or Howard) in a leadership contest.

THE QUIP OF THE DAY



Marshall alleged that an employment minister had admitted: "only half of the fall in unemployment figures are genuine". He mused: "which half of these figures are we to believe?"

THE UNANSWERED QUESTION



Ashdown listed Britain's problems, and asked: "When will the Prime Minister... call the election day? When will he get on with it?" Major concentrated on the list, not the question.

THE CREEP OF THE DAY



Alan Haskelhurst (C, Saffron Walden) asked the customary question about a "windfall tax on energy suppliers leaving consumers possibly worse off".

Compiled by Ben Summers



In step: Douglas Hogg leaving Downing Street yesterday after receiving the backing of the Cabinet in his bid to defeat Labour's censure motion. Photograph: Nicole Kurz

Ulster MPs set to save Major in beef debate

Colin Brown and Anthony Devlin

David Trimble, leader of the Ulster Unionists, last night gave a clear signal that his party will save the Government from defeat in Monday's crucial vote in the Commons when he said he was "irritated" by the lack of consultation over Labour's tactics.

Senior shadow cabinet ministers privately discounted the chance of inflicting defeat on the Government, with at least two of the nine Ulster Unionist MPs expected to be away from the vote, but Labour insisted it was right to force John Major on to the defensive.

Tony Blair has decided to launch an attack over the "mad cow" crisis because he believes that it is John Major's biggest weak spot. "He thinks it is Major's poll tax," a leadership source said last night.

Agriculture Minister Douglas Mr Hogg, who was in a confident mood yesterday after getting the backing of the Cabinet, will open the debate for the Government. "We are going to win," he told colleagues. "I am looking forward to it."

Mr Major will go on the offensive against Labour next Thursday in a Commons debate on constitutional reform, which he believes is Mr Blair's Achilles heel.

The Labour leader in the Commons challenged Mr Major over the fact that the beef export ban had not been lifted, as promised, last November and that not a single animal had been slaughtered under the selective cull scheme.

He also pointed out that Britain had not yet put a formal proposal to Brussels about lifting the export ban for BSE-free herds in Scotland and Northern Ireland, and that the fiasco had already cost £3.3bn.

The Prime Minister retaliated,



were going to do it," Mr Trimble said. "It was more than a little irritating that they failed to consult us."

The Government could bring forward proposals for a Northern Ireland grand committee to vet legislation in the Commons, meeting a key Ulster Unionist demand, but sources said it was more likely to be held in reserve for a later confidence vote, if the Tories lose heavily in the Ulster South by-election.

Mr Trimble was annoyed that the plan to force a censure motion was not raised when he met Mo Mowlam, the Labour spokeswoman on Northern Ireland, on Wednesday morning, or when Labour's approach to policing the marching season in Ulster. Ms Mowlam sent Mr Trimble a message yesterday making it clear she was also not aware of the plan until shortly before it was agreed by the Shadow Cabinet.

The Liberal Democrats were also irritated at not being consulted. A source said: "We are going to vote with Labour, but we are not busing a gut to get everyone here."

A number of Ulster Unionist MPs will be away for the vote, including the party's agriculture spokesman, Willie Ross, who is in New Zealand. The vote clashes with a BSE debate in the European Parliament, which could force Ian Paisley, who is also an MEP, to miss the vote. John Taylor said he had a constituency event, and Martin Smyth, the UUP whip, made it clear he was unlikely to vote against the Government.

The reluctance of Mr Trimble to commit his force of nine MPs to vote against the Government underlines the difficulty Tony Blair faces in trying to bring down the Government before Mr Major's preferred election date of 1 May.

Leading article, page 17

Commentary, page 19

DAVID Aaronovitch

Locking horns over thorny issue

Stormy weather. So febrile is the Westminster atmosphere, that even the divine Dame Peggy Feeney - who once used to grace the beaches with her imperious (and, I think, impenetrable) calm, as though sitting for a still-life - has begun to gesticulate and point at the Opposition during the shouty bits.

But things were calm when Tony Banks (Lab, Newham NW), a true friend to animals everywhere and Chelsea fan, asked the Treasury minister and YC heart-throb Philip Oppenheim, about the world trade in powdered rhino horn. Mr Oppenheim - unique among ministers - chose to speculate on how many rhinos would be likely to die if there were a minimum wage. Instead he laid into the Chinese, who dominate this illegal commerce. He thought it "paradoxical", he said, "that the most populous nation on earth seems intent on wiping out the rhino, simply because some of their menfolk are incapable of sex forming".

It was unfortunate that this punchy reply was still being digested when Harry Greenway (C, Ealing North) got up to ask a supplementary. Mr Greenway is, in his way, a living embodiment of political impotence. It is not that the member fails to rise; he does, and often. Nor is there a problem with achieving a climax: a noisy one is practically guaranteed. It is simply that he reminds everyone of how ridiculous the act can be when performed in a particular way. His (doubtless important) intervention was lost amid ribald laughter.

But Mr Greenway is a reminder that most MPs need no artificial stimulation to get them aroused. The game of Synthetic Indignation being played by ministers and their supporters yesterday was about the windfall tax, and its horrific impact upon pensioners, small shareholders and the almost extinct white rhino. Michael Jack, the Financial Secretary, responding to a series of tame questions from his pals, used the word "cynical" no less than six times to describe Labour's Gordon Brown. It reminded me that earlier I had heard Michael Howard suggesting that Labour was "cynical and opportunistic" - a trace of hysterical scansion, if ever I heard one.

On the benches opposite, however, Labour was giving as good as it got. The two-tone shadow Chief Secretary, Alison Darling, raised his black eyebrows from underneath his white hair (a characteristic he shares with Morton Adams and - more gruesomely - Norman Lamont) and accused Mr Jack of being more keen on "jumping into bed with the boardroom fat-cats". A nice piece of hysterical scansion, if ever I heard one.

Then the pale, slightly squat Angela Eagle, dressed all in scarlet, and looking like the eponymous terminator from *Attack of the Killer Tomatoes*, asked Ken Clarke (in the tiny little acidic voice that you imagine a killer tomato might have) exactly how many times Value Added Tax had been increased or levied since 1979? It was a goolie shot, and Ken Clarke looked pained.

Labour has other ways, however, of keeping its pecker up. Morale was also being maintained by the toothsome Jane Kennedy (Lab, Liverpool Broadgreen). Ms Kennedy, a whiz, has realised what many commentators have forgotten: that a large number of Labour MPs are not soft southern sophisticates, but Northern men of mature years - men who would not look out of place in a crowd scene from *Last of the Summer Wine*.

Ms Kennedy weaves her spells simply by sitting next to one of the dear old chaps, smiling at them, passing a kind word - and then moving on. It works a treat. David Winnick grins, William O'Brien blushes, Peter Hardy glows... All are happy - and it's so much cheaper than rhino horn.

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Major
debate

were going to do it," he said. "It was more than a little irritating that they did not consult us."

The Government's forward proposals for Northern Ireland grandly assume that legislation in the Dail would, if passed, serve as a key Ulster demand, but sources say it was more likely to be left to serve for a later vote, if the Tories lost in the Wirral South by-election.

Mr Trimble was unhappy with the plan to force a confidence motion, which was not raised when Ms Mowlam, the Labour spokeswoman on Northern Ireland, on Wednesday made talks about Labour's approach to policing the border in Ulster. Ms Mowlam Trimble, a message was making it clear she was aware of the plan before it was agreed by the Shadow Cabinet.

The Liberal Democrats were also irritated at not being consulted. A source said: "We are going to vote with Labour, we are not busing up everyone here."

A number of Labour MPs will be angry, including the party's spokesman, Willie Moore, in New Zealand, who clashed with a British European Parliament member, Ian Paisley, also an MEP, in mid-June. John Taylor said his constituency even, Mr Smith, the UUP leader, was clear he was voting against the Government.

The reluctance of some Labour MPs to commit themselves to a vote against Tony Blair's amendment underlined the difficulty Tony Blair faces in bringing down the Government before the election date of 1 May.

Leading after
Commenting

vitch
ring horns
horny issue

He is here to the Westminster divine Dame Peggy Fawcett, who has come to the benches with her (impenetrable) calm, as though she began to gesticulate and speak about bits.

When Tony Banks (Labour) speaks everywhere and often, and the oldster and VC heart-throb of the world trade in political gibes – unique among ministers, he says, in how many rhinos would be paid a maximum wage. Instead he wants to eliminate this illegal commercialisation. He said, "that the most important thing on wiping out the rhino is that menfolk are incapable of

that this punchy reply was well

away (C, Edling North).

Mr Greenway is, in his

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what he does, and often Nor is he

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The game played by ministers and

MPs about the windfall tax and

the shareholders' small sharehold-

ers, Michael Jack, the former

going to a series of tame quic-

he said, "no less than

Gordon Brown. It remi-

niscient Michael Howard, a far

and opportunistic" – and

notable in his voice.

However, Labour has a

two-tone shadow. Chief Seagull

has black eyebrows from his

characteristic, he shuns and

gracefully. Norman Lamont

being more keen on "popu-

larism" than the fat cats. A nice place

ever I heard one,

only equal Anglo-Eagle dress

the epynomous terminal

for Tommies, asked Ken Clarke

voice that you imagine take

and so levied since 1979. It had

Clarke looked pained.

However, of keeping the

being maintained by the bodies

Liverpool Broadcaster) Michael

many commentators have

number of Labour MPs are now

but Northern men of manners

look out of place in a crowd

power home.

in her spells simply by strong

smoking at them, passing

on. It works a treat. Thank

the bushes. Peter Hargreaves

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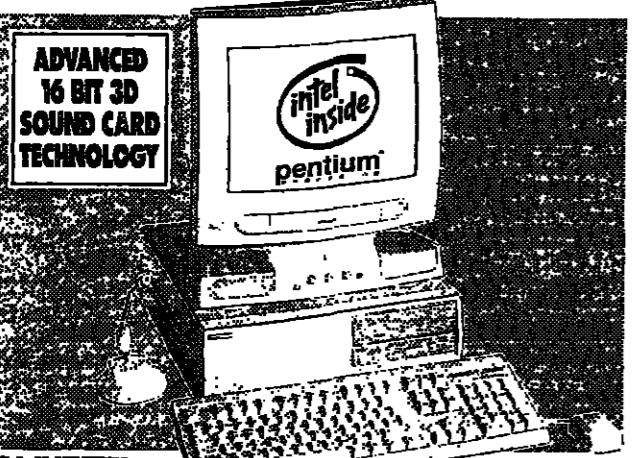
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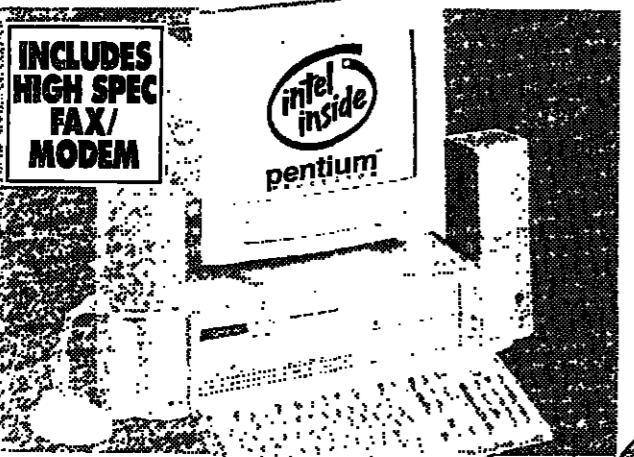
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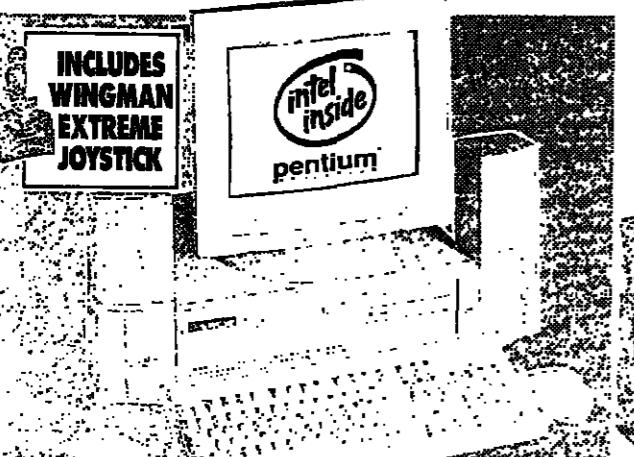
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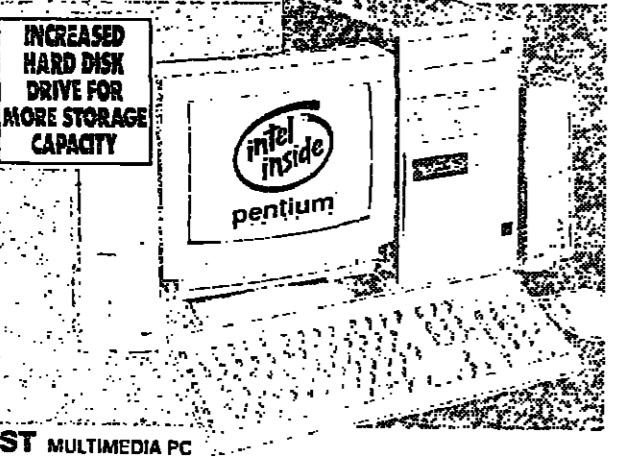
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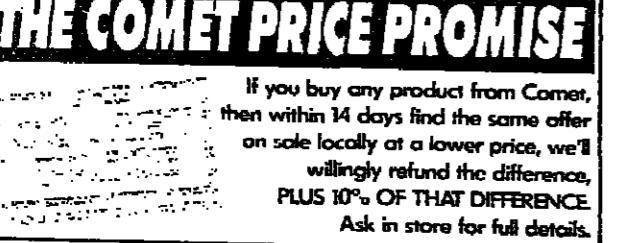
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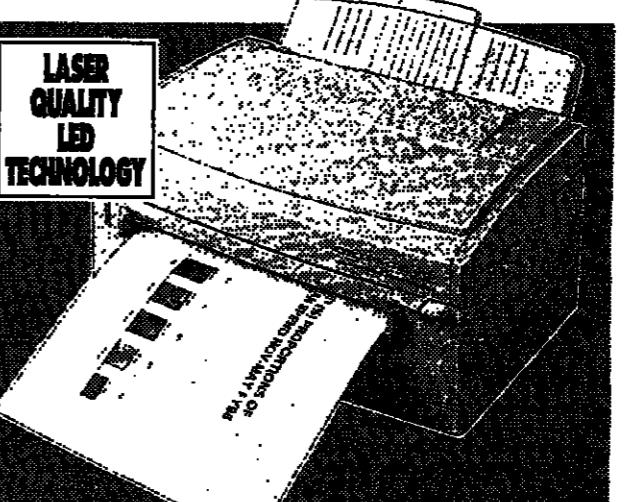
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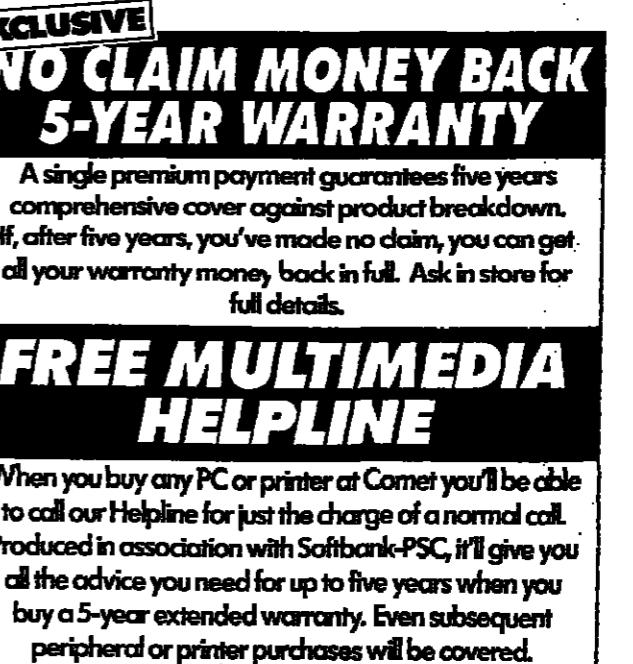
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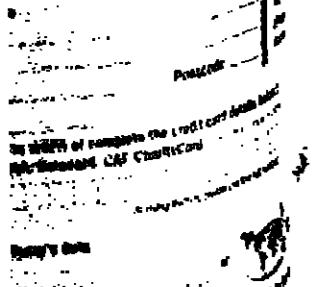


BUYS A N CUTTER

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with BAA, the former

Airports Authority. The

is has a hugely domineering

position in the Southeast

land as the owner of Heathrow

Gatwick and Stansted

it has been hard at work

Labour to try to

competitive credentials

It also insists that it has

made excess earnings last

year. Mr Brown's parliament

has combat these claims.

Yet perhaps the biggest

Mr Brown faces more

but from the industry itself.

Yesterday Clare Spottiswoode, the gas regulator,

one who is never afraid to

controversy, told the BBC

tell Mr Brown that it would be "hard to justify

She claimed her average price formula for the

Gas pipeline business

designed to compensate

past efficiency gains. She

said: "If I was going to do

properly there would be

excess profits."

Ms Spottiswoode argued that current standards

of British Gas, who last

torrid time in recent

because of her own proposals, would be the ones

better than those

made the true windfall

the glory days of the last

after privatisation.

Labour will also have

to pay the tax being passed

consumers in higher

Professor Staples

the election

has said that he was

obliged to look at these

to him by the way

equally, partly because

would override such

using existing legislation

Few of those affected

simply believe Mr Brown

to push through his oil

windfall levy. But those

mean they will stop me

method possible to get

him to abandon it.

The pictures that prove the guilt of Moshe Dayan — hero and thief

Patrick Cockburn
Jerusalem

israel, not just in the Knesset but

from people in the streets."

An Israeli journalist, Shush Mula, working for the Jerusalem weekly *Kofet* has now discovered photographs, taken by an Israeli military helicopter pilot, which for the first time show one incident of archaeological theft actually taking place just after the Israeli army, whose chief of staff was Gen Dayan, captured Sinai in 1956.

Uri Yaron, the pilot, has

vivid memories of what hap-

pened, because he believes his

life was put in danger by the

venture, which had no military

justification.

At the time he died, his rep-

utation tarnished by setbacks in

the 1973 war with Egypt and

Syria, the archaeological dep-

utations of Israel's most famous

general were notorious. He fre-

quently dispatched military

units to locate and retrieve ob-

jects for his collection. On his

death in 1981 the Israel Muse-

um in Jerusalem paid \$1m (£620,000) for

thousand objects owned by Gen Dayan, though critics argued that most

were illegally acquired.

"It wasn't easy for archaeo-

logists to stand up to him," says

one Israeli ancient historian.

Irudi Dottan, an archaeologist

who knew Gen Dayan, says he

had great intuition about where

to dig, but also an all-consum-

ing thirst for finding antiquities".

Uri Avneri says Gen Dayan

grew up poor and was always eager

for money. "He would go to an Arab dealer in Bethlehem, but the man would not dare to turn him down or charge him the real price for an object. It was close to expropriation."

Talay Arnon, curator of the Dayan collection at the Israel Museum, says pieces of ancient jewellery. Gen Dayan is known to have once owned the objects the museum bought: "What we got was mostly pots and jugs."

The reason Gen Dayan was

able to get away with this for so

long was that after Israel's victories in 1956 and 1967 he was a national hero.

Mr Avneri says that not only

did archaeologists not support

him against Gen Dayan, but "I have never known such hatred

towards me because of my cam-

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Koliqi

about Koliqi's fate and the fate of his colleagues during the Communist era.

The news of Koliqi's return to the College of Cardinals announced in late October 1994 was given at a reception at a special mass in the cathedral in Skofida, his home town and the College's stronghold in the north of traditionally mostly Muslim

Koliqi was perhaps the most surprising of the new cardinals appointed by Pope John Paul II in 1994. At the age of 92 he was already the second cardinal and was very old for the age beyond which cardinals cannot vote in a conclave because of his infirmity but most all who suffered with him expressed his acidity about what he called his "huge responsibilities" and said he was afraid that people would regard him as the Pope's representative in Africa.

Koliqi lived out his last days with his nieces and nephews in a small flat near Skofida cathedral. Always ready to welcome visitors, despite his frailty, he would recount his prison experiences without bitterness. He was ever eager to show the photographs of the cardinals proudly pointing out his nephews and nieces who present to share what he calls the "highlight" of his life.

Rita Goh

Michel Koliqi, priest, born 1914, died 29 September 1994; Cardinal since 1994; died Skofida 28 January 1997.

Finally called to account for the BSE farce

It is possible to feel sorry for Douglas Hogg. A not especially remarkable Cabinet minister whose only purpose would have been to catch out trivia quiz contestants asked to list agriculture ministers. Memorable for his hats, a Grade II listed surname, for being married to a clever woman, and for having the misfortune to be holding the BSE parcel bomb when the music stopped.

But let us not allow sympathy to get in the way of retribution. Because it is right that the Government should be held to account for its handling of mad cow disease. For 10 years, it has been guilty of incompetence, complacency and cowardice. And the conventions of parliamentary accountability require Mr Hogg to take the rap, even though he only been in charge for the last 18 months.

Labour is right to put down Monday's motion to reduce his salary - the polite way of calling for him to be sacked - and to make BSE an issue on which the Government could fall. It probably won't, but there would be a form of justice done if it did. Our only cavil is that Labour should have supported the Liberal Democrats when they put down exactly the same motion last year. That act of tribal small-mindedness weakens Mr Blair in Monday's vote. It adds to the impression that the Labour leader is making an opportunistic gesture. But just because

they did the wrong thing then does not mean they should be condemned for doing the right thing now.

So what is the case against the Government on BSE?

The possibility that the agents that cause mad cow disease might end up in beefburgers was first raised at the end of 1986. Mr Gummer's unwise publicity stunt in which he publicly fed a hamburger to his daughter Cordelia is one of the political images that will stick in our collective mind, and it contains an essential truth about the Government's attitude. Rather than err on the side of caution, Mr Gummer blithely asserted that, because no risk had been proved, there was no risk.

It is at this point in the argument that the stock response is usually deployed:

"Yes, but what would Labour have done? It usually emerges that Her Majesty's Opposition was either fast asleep on the job or running off at a tangent about something else entirely. Not in this case."

Step forward the unexpected figure of David Clark. Yes, him. Very probably there are members of his own family who don't know that he is a member of the Shadow Cabinet. But he is, and he was Mr Gummer's agricultural shadow. And his response to the possibility of BSE entering the human food chain was correct from the start. As a precautionary measure, he said, infected cattle should be

traced and related animals culled. Feeding them on minced sheep should be stopped. And research should be stepped up. We do not yet know how many people will die from the human variant of BSE, but prompt action then could well have saved some lives.

Why did the Government not act sooner? One of the more pathetic bleats of ministerial self-justification came recently from David Willetts, the allegedly brainy Postmaster General. Modern British government, he wrote, is constrained by the "iron triangle" of the courts, European institutions and domestic interest groups. He was trying to explain the unfortunate appearance of government passivity in general, but his words stand as a poignant commentary on the BSE crisis in particular.

Now we as newspaper are very much in favour of farmers. They grow and breed a lot of our food, and jolly good it (mostly) is. And, second only to the victims of the new strain of Creutzfeldt-Jakob Disease, they have borne the cost of the BSE crisis. But we see no reason why they should be singled out for vast amounts of taxpayer subsidy, especially when it is often

shaped precisely to encourage the kinds of intensive farming methods that threaten both our environment and, potentially, our health. And it is neither in farmers' long-term interest, nor that of the rest of the population, that they should exert so much influence on food policy.

So the most urgent of the fundamental lessons of the BSE crisis is that the Ministry of Agriculture, Fisheries and Foods should be abolished. Food safety should be the responsibility of the Department of Health, and the farming and fishing industries should be treated differently from any other by the Department of Trade and Industry. So far, Labour has only proposed an "arm's-length" Food Standards Agency, which is not enough.

But Monday's vote is about the Government's record. For once, it is not a pointless Commons charade. There are good reasons of substance why honest, independent-minded MPs should vote against the Government on Monday. Tony Blair may have shied away from them yesterday, because he does not want to add to worries about British beef now that the Government has finally taken all the action it should have taken years ago. Instead, he chose to concentrate on John Major's foolish promise to get the European ban on British beef lifted by last November. That, and the

Prime Minister's petulant policy of non-co-operation with Brussels, should be condemned. But the real charge is that, bowing to farming interests, this Government needlessly endangered the health of its citizens a long time ago. This whole sorry tale has been one of accumulated mismanagement from start to finish.

The price of free speech

Salman Rushdie demonstrated his courage by making a joke of it - "just a cost of living increase" he said of the additional half a million dollars an Iranian religious foundation has added to the price on his head. In his plight, the author deserves support from the British government. The Foreign Office needs to state clearly that the Iranian government holds responsibility for any and all threats uttered from within that state, whether the voices claim to be religious authorities or not. Iran cannot be admitted to open international conversation unless and until the threat is lifted. The Home Office should re-commit itself to Mr Rushdie's protection. Politicians may sometimes forget it, but freedom of speech is one of the most important freedoms they uphold.

LETTERS TO THE EDITOR

Scots, English and a leap in the dark

Sir: I hope Andrew Marr was not suggesting ("England, stop whingeing about a Scottish parliament", 12 February) that Scotland does not benefit in terms of fiscal transfers from her membership of the UK, for she most emphatically and quite properly does. Like many radical revolutionaries, he tries to minimise the scale of this

advantage and parrots the standard SNP myth that it is actually wealthy people in the Home Counties who enjoy the greatest "subsidies" from the state. He even dismisses one of the SNP greatest hits from the 1970s: "It's Scotland's Oil".

He wants a Scottish parliament, moreover, on the rather Islingtonian grounds that "what we need in Britain ... is more diversity and experiment, not less". And so the people of Scotland are to be used as constitutional guinea pigs simply because we are bored with the old order.

The point is not that English people are "whingeing", but that the business of arranging a new constitutional settlement for Scotland is so transparently a vexed and uncertain affair. With Scottish vital interests at stake, honest analysis will serve us all better than urging Scotland to take a great leap forward into the dark.

JAMES MURPHY
London NW5

Sir: In your report ("Tories threaten to make the Scots pay up" (11 February) you refer to Conservative propaganda that there is more "identifiable" government spending per head in Scotland than in England, with the implication that this is some sort of "benefit" bestowed on the Scots by virtue of the Union.

A more accurate picture will be obtained if revenue raising is also considered. Last month the Chief Secretary to the Treasury, William Waldegrave, admitted in a parliamentary written answer that, taking oil revenues into account, Scotland has paid a massive £27bn absolute surplus into the London Treasury since 1979. This is the equivalent of £5,400 for every person in Scotland.

JOE TAYLOR
Brighton, East Sussex

Sir: By all means reduce the numbers of Scottish MPs at Westminster. Scotland is, after all, over-represented. But that will not solve the West Lothian problem, for which the only solution would be complete exclusion while any English, Welsh or Irish business was on the agenda. Something that could be arranged quite simply if Scottish MPs were required to sit in both regional and UK parliament.

But it is invidious to give five million inhabitants of Scotland a parliament of their own when a greater number of Londoners do not have and forum to call their own. Regional parliaments for the rest of the UK is an equitable solution and, if MPs are elected to sit in both parliaments, one that will seriously limit over-indulgence in non-productive waffle.

ROGER CHAPMAN
Keighley, West Yorkshire

Sir: Following the ill-advised comments of Stephen Dorrell, the debate on the merits of devolution has focused exclusively on Scotland's future.

On the same day that the Health Secretary's remarks were causing an



Depressed? Blame media overload

Sir: In his examination of current high levels of depression and dissatisfaction ("The Blue Nineties", 11 February), Oliver James overlooks the single most glaring social difference between the 1950s and today.

The huge media explosion over the past forty years means that all of us, from infancy onwards, receive a considerable input about the world and other human beings from data already processed by other minds.

Compared with even recent history, when news, anecdote, opinion, advice and wisdom were passed from person to person, face to face, by word of mouth (with books as direct verbal communication from absent individuals), we now live in a virtually real fantasy world - that of the electronic media, advertising, film, and the tabloid press.

It is hardly surprising that against this daily and constant bombardment of images and sounds we should somehow feel that our personal and human status has been reduced.

It is conceivable that on evolutionary principles we may adapt to this comparatively recent change in our environment (after several thousand years of non-media development), but on a conservative estimate it will take about ten thousand years for a fully fledged, and happy, Media Man to evolve.

IAN FLINTOFF
London SW8

Sir: Oliver James is wrong when he says that "the SSRI most widely prescribed today is called Lustral", which is also the world's most widely prescribed antidepressant.

DEREK GANTHONY
Manager of Corporate Affairs
Lilly Industries Ltd
Basingstoke,
Hampshire

Cryonics are a long-odds bet

Sir: David E Pagg ("Only the gullible pay to be frozen", Letters, 12 February) misses the point about cryonics. People who opt to be frozen after death are taking a gamble. A gamble that the technological advances needed to revive them will eventually be made, that the company preserving them will survive, that those who like to impose their ethical standards on others will allow their revival, and, indeed, that civilisation itself will not collapse.

The odds against ever being revived must be astronomical, but so what? The alternative is to be 100 per cent certain of spending eternity dead.

PAUL BRATTON
London W3

Post haste

Sir: My experience has, unfortunately, been exactly the opposite of your correspondents' ("Greetings cards always delayed", Letters, 12 February). I posted a Valentine's card to my fiancée in Vancouver last Saturday and was told at the Post Office counter that it might get there by Friday. However, she sent me an e-mail on Tuesday, saying she had already received it.

TIM SHORT
Reading
Berkshire

uproar, nearly 100 people prominent in Welsh life (from business figures, academics, and religious figures through to celebrities from the worlds of sport, music and the stage) launched a new campaign. Our aim is to achieve a resounding "yes" to the referendum which we, as well as the Scots, have been promised by approved institutions.

By firm but judicious action such an agency could rapidly improve the condition of our heritage archives, and establish public access to them for posterity.

RANGUS BUCHANAN
Emeritus Professor of the History of Technology
School of Social Sciences
University of Bath

Proud of our rave in the nave

Sir: There is a lot of truth in Andrew Brown's article "Rave and the long melancholy roar" (10 February) and a lot of fear in the criticisms of modern worship.

I am proud that I chaired the committee that introduced "Rave in the Nave" at Ely Cathedral at the beginning of this decade, but it is no threat to my rural churches and their congregations. It is a successful annual event which draws young people (and some older ones) and aims to support their daily and weekly Christian worship.

However, few local churches can put on a professional and exciting youth service. In the main the staple diet of young and old will continue to be more or less traditional worship.

DAVID EAGLE
Epsom, Surrey

advising them about appropriate national repositories to which it might be sold, if not actually donated; arranging for independent valuation of such collections; and facilitating the flow of heritage funds for the acquisition of archives following a change of government.

We have launched a non-party political campaign in advance of the election because we feel that there is a need to take the focus on devolution away from politicians, and aim it at ordinary people, the vast majority of whom are members of no political party. The wrangling of recent days proves such an approach is sorely needed.

DARAN HILL
Organiser
Yes for Wales campaign
Cardiff

Historic archives under hammer

Sir: Your report on the sale of Marconi archive material (10 February), coming so soon after the sale of Brunel material last

November, raises once again the urgent need to protect our national heritage archives from loss by dispersal.

It is clear that there is a continuing hemorrhage of historically valuable documents through random sale to the highest bidder, and that there is a need for an agency to control such degeneration of the national heritage. Such an agency, preferably part of a government department, would aim at identifying the owners of archival material with high heritage value;

The cause for the sudden drop in attendance this year in the Anglican Church is something for which young people can reject all blame. Those under 25 have not voted for this government. Its deregulation and desecration of Sunday, and the policies that have undermined the family, mean that many of my church members no longer attend weekly.

Those in church have often had to make a massive effort to get there. If they are rewarded with an annual dose of worship which is relevant, different, exciting and challenging, they deserve it.

Rev STEPHEN LEEKE
Warboys, Cambridgeshire

Sir: One is saddened by the charges of intellectual dishonesty levelled at a fellow Christian by the Rev Guy A Davies ("Misguided liberal gloss on the Bible", Letters, 12 February). Mr Davies refers to the substitutionary death of Christ as if it is the only interpretation of this event which is valid.

Many Christians do not share Mr Davies' more dogmatic views nevertheless have had their lives enhanced, given purpose, even transformed by accepting initially the hypothesis that God (however he/she is described) uniquely expressed "himself" in Jesus and took the initiative in making possible harmony between God and humankind, harmony within ourselves and harmony between people. Mr Davies, please do not write us off as dishonest.

NICOLAS WALTER
Rationalist Press Association
London N1

Sir: Guy Davies suggests that, if Kenneth Wilson no longer believes the Bible is true, he should leave the priesthood and renounce Christianity, and he adds that "perhaps the Rationalist Press Association would give him a job".

I am afraid we have no vacancies at the moment, but the idea isn't as silly as it may seem. We have always had friendly relations with progressive religious denominations, several members throughout the century of our existence have been clergymen, one of our leading figures during the first half of the century was the former Roman Catholic priest, Joseph McCabe, and one of our present directors is a former Anglican priest.

K J McLean (Letter, 3 February), may well give what he calls a "salutation" to pedestrians exercising their right to walk. It would be much better if he possessed, as is required by law, a bicycle bell, a polite trinkle on which would advise walkers of his approach, hopefully, at a reasonable speed. No "salutation" or similar gesture will appear the irritation we pedestrians suffer upon being suddenly quietly overtaken by a cyclist who ignores the laws of the land, whether it be on bridle path or pavement.

"Polite behaviour" has long vanished among the cycling fraternity.

ERNEST SEARS
Neale Abbey,
Hampshire

Tory message

Sir: At last (report, 12 February) the Tories have come up with a meaningful slogan: "Mayday! Mayday!"

COLIN M CAMPBELL
Edinburgh

No sale

Sir: Your report "Lobbyist offers his memoirs for sale" (13 February) is wholly inaccurate insofar as your references to HarperCollins are concerned. HarperCollins decided not to publish Ian Greer's book because we could not see any commercial justification for doing so. In short, we did not think it would make money.

EDDIE BELL
Executive Chairman and Publisher
HarperCollins Publishers
London W6

Post letters to Letters to the Editor, and include a daytime telephone number.
Fax: 0171-293 2056; e-mail: letters@independent.co.uk.
E-mail correspondents are asked to give a postal address. Letters may be edited for length and clarity.

Fisk in Ireland: Part 3

The border is a state of mind

In his third and final report on Northern Ireland, *The Independent's* award-winning war reporter Robert Fisk goes in search of the dividing line that symbolises the island's lingering torment

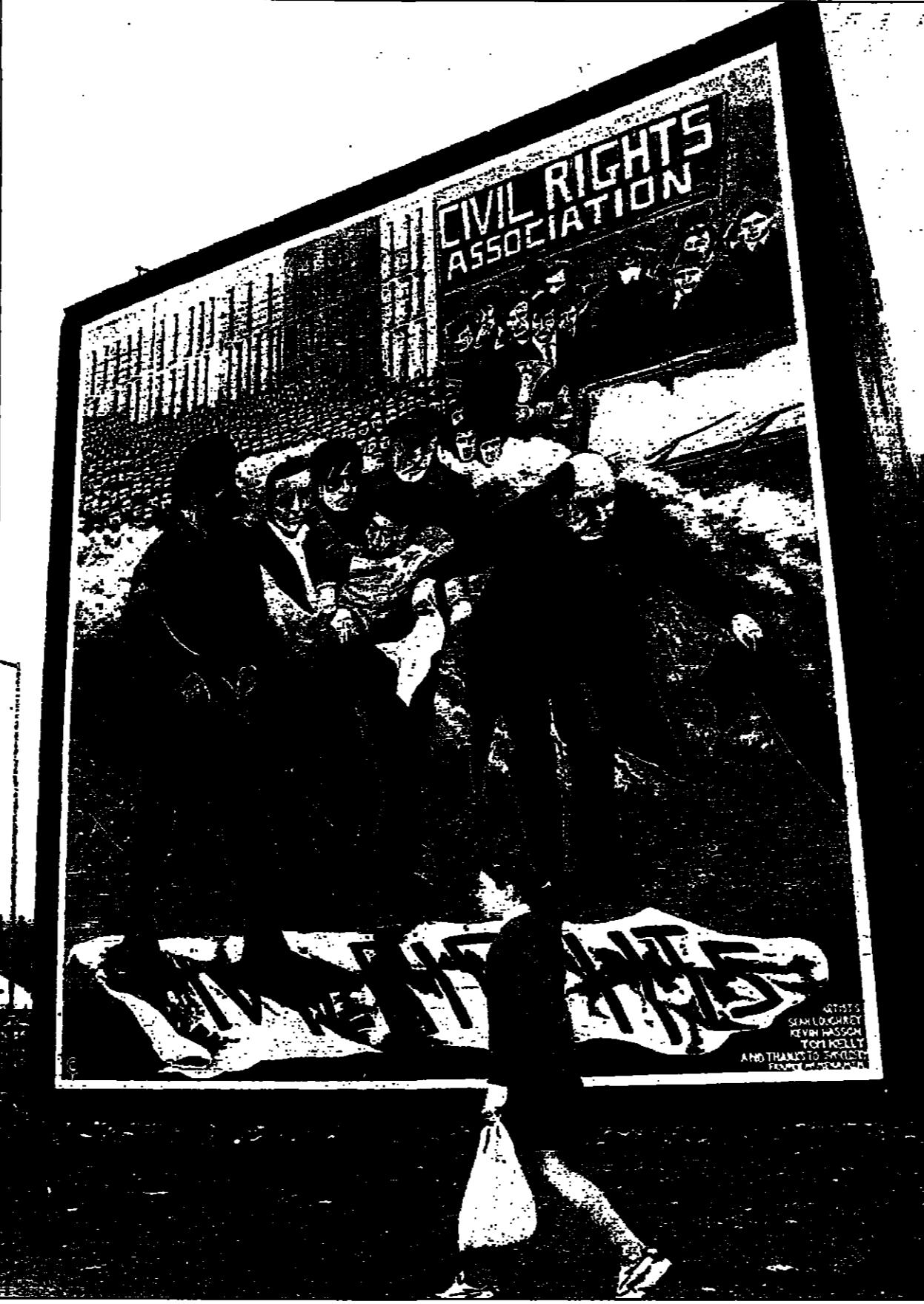
In the wall of a ground-floor apartment in Glenfada Flats, I found two bullet holes in the cheap stucco and cement to remind the Catholics of the Bogside of the power of a self-loading rifle fired exactly 25 years ago by a member of the 1st Battalion of the Parachute Regiment.

"There's another hole round the corner in Chamberlain Street," a young man told me. "Would you like to see it?" And he ran through a litany without invitation. The Paras, the 13 unarmed dead Catholic civil rights demonstrators - the 14th who died of wounds later - the Widgery Tribunal, the lies, the humiliation. I told him I'd seen enough bullet holes in the Middle East and the Balkans these past 22 years; live rounds that had turned the walls of the buildings in Beirut and Sarajevo and Kabul and Vukovar

into Irish lace. I didn't think one more bullet hole would make a lot of difference. "But do people know about Bloody Sunday in Beirut?" the man asked. No, I said. Not a soul there knew - or cared - what happened here.

Did the young man know what happened in Beirut in November, 1993, I asked? He shrugged his shoulders. Well, I explained, a large group of Shiite Muslim demonstrators - supporters of the Hezbollah, but unarmed - had staged a protest march against the terms of the PLO-Israeli peace agreement. The march was illegal. The Lebanese army was ordered to stop the marchers. An "elite" military unit opened fire on the Beirut demonstrators. Thirteen of them - including women - were killed.

The Londonderry man was silent for a long time. The parallels were astonishing, but the two bloodbaths were exclusive



In the shadow of the past: a Bogside mural depicting Bishop Daly and one of the Bloody Sunday victims. Photograph: Pace

to their countries. So all the man said was: "Jesus Christ!"

It is a name much invoked on the Londonderry memorials. The most dramatic of these is a simple granite cross erected to the memory of the 13 - Duddy, Doherty, McGuigan, Gilmore, McElhinney, McDaid, Nash, Young, Kelly, Wray, Donaghy and two McKinnons - "murdered by British paratroopers on Bloody Sunday, 30 January 1972". Beside it, someone has scribbled a note: "All we need is the truth to heal the wounds."

The truth. That is all the people of Qana were demanding last April after Israeli shells

slaughtered 101 civilians sheltering in the UN compound. And I rather think the parallels here may be closer. The Israelis said they were shooting back at Hezbollah, just as the British paratroopers claimed they were shooting back at the IRA. There was an international outcry against the massacre but the Israelis insisted the killings were not deliberate.

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sible to avoid, in Northern Ireland today, when even the Protestant *Newsletter* - the oldest daily paper in the kingdom - demands an official apology to the families of the victims. By lying about what they could see - the Israelis at first denied there was a piloted reconnaissance aircraft over Qana - Israel gave the Hezbollah its biggest propaganda victory in 14 years. By refusing to admit the truth - that the British Army had committed an atrocity in Londonderry in 1972 - the Westminster government gave the IRA its biggest propaganda victory in 25 years. And the families were doubly assaulted. After falsely accusing the dead of carrying firearms, the British then abused the relatives by claiming that they had allowed the IRA to hijack their grief. As a Catholic priest put it to me in the Bogside, "The IRA hijacked Bloody Sunday because no one else did - if only the British had told the truth at the start..."

And still Bloody Sunday hangs like a pall over Northern

Ireland. John Hume, sick, nervous, popping the occasional pill for his fears, headaches, laments every memory of past violence. As his "peace process" - initiated with great courage after long talks with Gerry Adams - slowly disintegrates, he fears each new reminder of the past, the tensions raised by the Bloody Sunday anniversary, even the appearance at this critical moment of Neil Jordan's film *Michael Collins*.

But his mind races brilliantly on, ever broader as the chances of peace narrow. "The model of the European Union should be the model for our healing process," he says. "Who would have thought, standing on the frontier of Germany in 1945 with 35 million dead across Europe, that there would be a united Europe 50 years later? How did we do it? It's about seeing difference - race, religion, ethnicity - not as a threat but as an accident of birth."

I feel uneasy, listening to Hume. I admire him - he is the first to remind me that he was regularly assaulted and harassed by the IRA and its supporters - but I am troubled by clichés like "healing process", and I fear that if the European Union is the model

for the IRA's biggest propaganda victory in 25 years. And the families were doubly assaulted. After falsely accusing the dead of carrying firearms, the British then abused the relatives by claiming that they had allowed the IRA to hijack their grief. As a Catholic priest put it to me in the Bogside, "The IRA hijacked Bloody Sunday because no one else did - if only the British had told the truth at the start..."

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There's no disguising problem toenails



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Brief encounters and murderous mobiles

As nobody, Heaven be praised, has offered me money to print their St Valentine's Day greetings in this column, I shall be forced to talk about something else instead, and I think it's going to be about talking to people on trains.

Do you talk to people on trains? I do. It's one of the chief pleasures of travelling by train.

When I say talking on trains, I don't mean talking by telephone to people who are not on the train. People who ring other people from the train should be barely tolerated, as instead of going into the lavatory and conducting their silly little conversations in private they always sit proudly where they are and raise their voice louder than is anywhere near necessary, as if to say, "Look at me - I've got a mobile phone - you haven't!"

At home we don't shout into a phone, indeed we hardly raise our voice above a whisper, but we can still be perfectly well heard by the people at the other end. So why is it that people on trains using phones feel they have to raise their voices?

Same with phones on trains. I was on a train home from Paddington the other day, and a couple of years behind me was an infuriating woman who launched into long, loud conversations on her phone about business life, the next day's meetings, office gossip, and so on, and when she was tired of talking to one person she rang another and had exactly the same conversation all over again. You could feel the whole carriage silently seething as they tried to ignore her, until finally I couldn't bear it any longer and I got up and turned round and said to her very forcibly and audibly,

"If you have to talk so loudly, could you PLEASE have more interesting conversations?"

Though I say it myself, I thought that was quite a snappy line. It did not, however, have the desired squashing effect on her. She looked murderous daggers back at me and said: "If you don't like it, you can always move somewhere else."

At this point I should have said, "I'm afraid there aren't enough empty seats in the

train for all of us to move to," but I didn't think of this till later, and just sat down fuming. Luckily she scored an own goal now, because she turned back to her phone and said to her unseen friend, "Sorry about that, but there's a bloke on the train who says I'm talking too loud." At which a chorus of passengers' voices arose around me, saying, "He's not the only one" and although she outwardly paid no heed to this, her voice suddenly went very soft and quiet and we all smiled at each other

because we knew we had won. Satisfying at the time, I suppose, but train conversations shouldn't be a matter of winning and losing. They should be gentle things, rising and falling like breathing. The next time I got on the train at Bath to go to Paddington I sat opposite an old bloke who didn't look like much until he produced a small flask and said: "Don't think I can get this tea down unless it's got some whisky in it," and poured a slug of Scotch in his tea. "Want some?" he said.

"Don't think I could face Scorch before 11am," I said politely.

"I beg to differ," he said, and we were off on a long circumambulatory conversation which lasted from Bath to Didcot and which ranged over prisons (he had been a policeman before retiring), racial prejudice (he was Welsh), strangely boring seaside towns (he lived in Weston-super-Mare) and so on. I was actually meant to be working on the train but this was more fun, and by the time we got to Paddington we were all friends for life. I submit with respect that none of this would have happened on a plane or in a taxi, only on a train.

Well, that's it. I read my case, whatever it was, and a happy St Valentine's Day to you all.

My friend with the Yippee phone, who had been listening to this with some amusement, put down the phone and joined in our conversation. By the time we got to Paddington we were all friends for life. I submit with respect that none of this would have happened on a plane or in a taxi, only on a train.

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Fergie
figure
world

business & city

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BUSINESS & CITY EDITOR: JEREMY WARNER

Talk of £1.3bn bid by Williams key to leap in Chubb shares

Tom Stevenson
City Editor

Williams Holdings was last night tipped to launch a £1.3bn recommended offer for locks and alarms group Chubb today, five years after it made an unsuccessful £700m bid for the company's former parent Racial. Expectations of a bid from the conglomerate, whose own security arm owns the Yale brand,

sent Chubb's shares soaring. Chubb provoked intense speculation yesterday when it issued a statement saying it was in talks that might lead to an offer being made for the company at up to 450p a share but refused to name the bidder. In the market the shares closed 75p higher at 420p, their highest level for three years.

Analysts said a bid for the company was not unexpected

following disappointing recent results and speculation immediately focused on a handful of potential buyers including Rentokil Initial, Ingersoll-Rand, Tyco and Republic Industries. After strong profits growth following Chubb's demerger from Racial in 1991, the company had recently failed to live up to earlier expectations.

One analyst said the sale was another example of chairman

Sir Ernest Harrison's focus on creating shareholder value. Following the successful demerger of Vodafone in the late 1980s from Racial, Sir Ernest had spun off Chubb and installed David Peacock as chief executive with a remit to cut costs. Now that process was largely complete, a disposal of the company was the logical next step, the analyst added.

Chubb, with sales of about

£1bn, has an attractive share of the estimated £25bn worldwide market for electronic and physical security. It has faced difficulties, however, in moving from the relatively low-growth markets of the developed economies to regions with more exciting growth prospects such as China, where the security business is starting more or less from scratch.

Williams has interests in the

Far East with its security and fire prevention operations, the two legs of its business it plans to grow at the expense of its low-growth building materials division, the UK part of which it recently sold for £305m.

Although analysts thought a bid from Williams would make strong commercial sense, some questioned whether it would want to make such a large acquisition after recent comments

suggesting it planned to spend about £500m on inflill purchases. Williams has also indicated it would not issue further new shares to finance its ongoing expansion.

Buying Chubb now, however, was viewed as an opportunistic time to make a bid for a company which will not see the benefit of recent acquisitions for up to two years.

Comment, page 21

Discounts affair at Penguin deals another blow to conglomerate but Scardino insists she is getting to grips with problems

US accounts scandal costs Pearson £100m

Nigel Cope

Pearson, the sprawling media conglomerate, yesterday revealed that it had fallen victim to a complex accounting scandal which will force the group to take a £100m charge against its 1996 financial results.

The irregularities centre on Penguin Books in America where a rogue individual in the accounts department had been secretly giving unauthorised discounts to retailers in return for early payment. Stretching back to 1991 the irregularities involved what Pearson described as "an accounting web of breathtaking complexity." It is thought that the irregularities covered a significant proportion of Penguin USA's book sales.

Following heavy losses at Mindscape, the US software house acquired by Pearson in 1994, the Penguin problems cast fresh doubts on Pearson's ability to run businesses in America. Analysts said the scandal would also make Pearson more vulnerable to a break-up bid as predators seek to unlock the value of its disparate interests which range from Lazard's, the merchant bank, to Madame Tussauds.

"The more they [Pearson] disappoint, the more people expect someone to bid for them," said Anthony de Larrinaga, media analyst at Panmure Gordon.

After sharp falls following the announcement, Pearson shares recovered to close 14p lower at 749.5p supported by takeover speculation.

The scandal is a huge blow to Marjorie Scardino, who only joined Pearson as chief executive last month. Yesterday, she stressed that the scandal did not affect the underlying profitability of Pearson and that the prompt action by new management showed that Pearson was getting to grips with the problems.

The accounting scandal arose at Penguin USA's accounting functions in Bergenfield, New Jersey. Pearson claims one person involved in the accounts receivable division started offering discounts to retailers in 1991 in return for early payment. The discounts averaged 5-7 per cent.

The employee was not at senior level nor paid a high salary. Though bonuses were payable Pearson claim there was no financial motive for the employee's action. It says the individual thought their job was to ensure prompt payment from customers and that success in this area would be welcomed by bosses.

Rumours had been circulating in the book trade that Penguin's US profits may have been overstated. "In recent years it has surprised many in the industry the way Penguin in the US has been able to fulfil very demanding financial targets from Pearson," said a senior figure in the book trade who has dealt with the publisher.

Pearson said that the complex environment of a publishing house, where huge numbers of invoices were circulated, made it relatively easy for a determined individual to deceive management and the auditors.

"This person was very sophisticated at moving sums of money around the system," Pearson said. One industry expert said Penguin's problem was not likely to affect the UK division, where operations were tighter. The scandal was uncovered by Michael Lynton, who took over as chairman and chief executive in January having replaced Peter Mayer who retired. He discovered the irregularities when varying terms of trade with retailers emerged following the merger of Penguin USA with Putnam Berkley in 1995.

Pearson says the accounting practices were stopped immediately on discovery and have not been taking place at any other Penguin businesses outside the US or at Putnam.

"Those found responsible have been and will be appropriately dealt with," Pearson said yesterday. The individual responsible for the scandal was fired earlier this month. The company did not say if it would press for fraud charges.

Legal action against the former auditors Arthur Andersen is possible, though the company would not comment yesterday. Pearson has launched a full investigation led by its lawyers and its recently appointed auditor, Price Waterhouse.

It is possible that Penguin may be forced to make payments to retailers who were not given discounts.

Comment, page 21.



Riding the storm: Despite the scandal Marjorie Scardino, Pearson's new chief executive (pictured with the chairman Dennis Stevenson), said the conglomerate's underlying profitability would be unaffected

Photograph: Peter Macdiarmid

A success story in paperback

Patrick Tooher

Penguin is more than just one of the most venerable names in the book publishing world. It is an angsty institution – albeit one now tainted with the whiff of scandal.

Established in 1935 to help educate the masses with inexpensive paperbacks of classics, Penguin has grown to become the largest consumer book publisher in the UK and number four in the US, with global sales of £369m and profits of £33.6m in 1995. It is also the leading publisher of children's books in the UK, using the famous Ladybird imprint.

Yet its financial fortunes have always waxed and waned. Bought by Pearson in the late

Sixties, Penguin was suffering heavy losses when Peter Mayer, a brash American, took over as chief executive in 1979.

Mr Mayer wasted no time in scrapping Penguin's famous orange book covers – the green ones for thrillers also went. Traditionalists were also shocked when he bought hardback imprints such as Viking, Michael Joseph and Hamish Hamilton, bringing with them books such as Shirley Conran's *Lace* and Jane Fonda's *Work-Out*.

Mr Mayer was also a ruthless cost-cutter. In 1995 alone, 160 staff in the London headquarters were sacked, the managing director was replaced, some authors threatened to leave and morale plummeted. "There was some deal of fear about Mr May-

er," said a senior industry figure yesterday. "Questions were never asked."

Mr Mayer was proud of the cultural changes he had unleashed. "Penguin has been liberated," he boasted to Publishing News shortly before announcing his surprise decision to quit last year. "We can publish any kind of book we want to."

But he was no barbarian at the gate, being prepared to take risks for the sake of literary freedom. Penguin published Salman Rushdie's *The Satanic Verses* and, like the author, Mr Mayer has lived under an Islamic death sentence since 1989.

However, Penguin has struggled in the UK over the past couple of years from substantial destocking, the collapse of the

Net Book Agreement and big retailers discounting best sellers.

But in the US Penguin continued to do better than its rivals, ostensibly thanks to a strong list of authors and imprints acquired in the late 1980s.

Yesterday's unearthing of a £100m black hole in the accounts blamed by Pearson on one middle-ranking employee raises questions marks about how much of that performance was down to cooking the books.

Mr Mayer's successor, Michael Lynton, a 36-year-old Harvard Business School graduate who ran the Disney studio Hollywood Pictures, recently described his new job as "a dream come true". Six weeks after taking over, it has turned into a nightmare.

Tesco cuts NatWest tie to link with Royal Bank

Peter Rodgers
Financial Editor

A five-year financial services partnership between Tesco and NatWest agreed last summer broke up yesterday when the supermarket giant announced plans to team up instead with the Royal Bank of Scotland.

NatWest said it had refused to help Tesco expand further into retail banking and insurance, a decision which is the clearest indication so far of the extent of the threat from the supermarket chains to the big English high street banks.

Tesco's large store network could soon be competing head-on with NatWest's branches, but Royal Bank has a far smaller overlap with Tesco.

It has only a 3-4 per cent banking market share in England and Wales.

Shortly afterwards, Lord MacLaurin, chairman of Tesco, resigned as a non-executive director on the NatWest board because of the potential conflict of interest, and David Reid, the

deputy chairman of Tesco, quit his non-executive directorship of the insurance group Legal & General. Tesco will sell life insurance through its new joint venture with Royal Bank, which owns the telephone insurance company Direct Line and also has a strategic partnership with Scottish Widows, a competitor of L&G.

Derek Wanless, NatWest chief executive, said Tesco's

plans conflicted with NatWest's own retail banking strategy. It emerged that NatWest may make a claim against Tesco for the cost of pulling out of the five-year contract to manage the pioneering Tesco Clubcard, which pays interest on credit balances and has a low charge to borrowers. The Clubcard sparked the war among supermarkets to enter financial services.

NatWest said the intention had been to work with Tesco over the five years of the contract to develop new card-based products, but "what they came to us was akin to full retail banking and that did not fit with us".

NatWest added: "We will have to sit down with Tesco to thrash it out. There is a contract and they have given indications today that it will be broken."

Tesco said it offered NatWest the opportunity to continue as its banking partner but the offer was declined. NatWest refused to rule out a claim against Tesco for the cost of winding the Clubcard service,

NatWest is to bring all its investment management and long-term savings businesses under one umbrella, with the formation of a new grouping to be called NatWest Wealth Management. The business will have funds of £600m under management and will be run by Paul Myers, chairman of Garntmore, the fund management firm taken over by NatWest. The business will include Garntmore, NatWest Life & Investment Services, as well as NatWest's UK life assurance, pensions and investment arms and NatWest Ventures, which provides private equity capital.

which employs a separate profit unit and a number of managers at the banking group to service the 9 million Clubcard customers. The problem for



Clubby: Terry Leahy (left) of Tesco and Dr George Mathewson of RBS. Photograph: Jason Bye

NatWest was that Tesco decided to go well beyond plastic card products by developing a wide range of services including a pilot project for an in-store bank.

Later this year. The first big launch will be a Tesco credit card. The joint venture may apply for a banking licence.

Comment, page 21.

Ofgas opposes windfall tax on British Gas

Chris Godsmark
Business Correspondent

Clare Spottiswoode, the gas industry regulator, yesterday signalled her clear opposition to attempts by Labour to impose a windfall utility tax on British Gas.

Responding to plans by Gordon Brown, the shadow chancellor, to levy a broad tax on "the excess profits of privatised utilities", Ms Spottiswoode doubted whether the principle behind the levy could be applied to British Gas. She explained:

"If I was going to do my job properly then there won't be any excess profits. If there aren't going to be any excess profits then it would be difficult to justify a windfall tax."

She argued the price controls planned for the group's pipeline business, TransCo, which would cut off £30m off average bills from April, were designed to eliminate any excess earnings. British Gas has taken its battle against the price regime to the Monopolies and Mergers Commission.

Ms Spottiswoode pointed out that current shareholders in the company were not necessarily the same ones who had made excess profits on the rise in the share price since privatisation. Last year small investors, or "Sids", saw British Gas's share price dive by a third, wiping out a large chunk of the excess gains, as the City took fright at the TransCo price proposals.

Her comments yesterday were the most outspoken yet by a regulator against the windfall tax and bring Ms Spottiswoode

into an unlikely alliance with British Gas on the issue. However they could damage her relations with Labour in the run-up to the election.

In a separate move she confirmed her intention to publish several British Gas documents to try to provoke the company into a court battle over the disclosure of internal information. She dismissed British Gas's argument that much of the data it submits to Ofgas, her department, could affect its share price if it was made public.

"It is time that we really test the law. A lot of the complaints British Gas has about confidentiality are bogus," Ms Spottiswoode said.

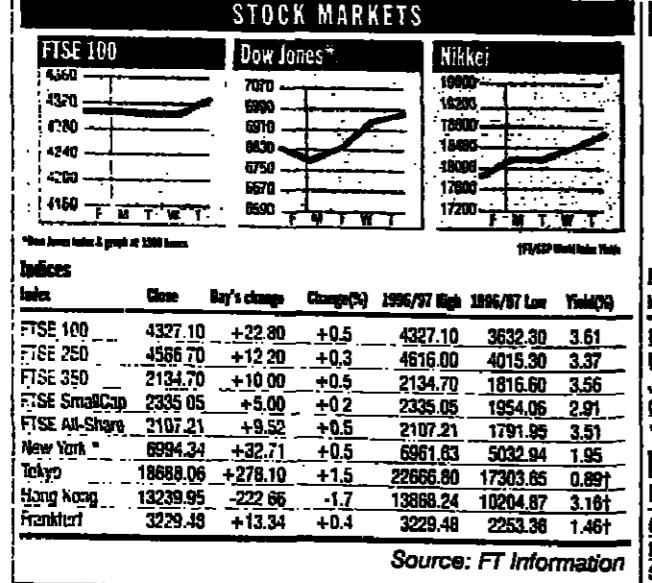
Ofgas also disclosed that independent gas supply companies operating in trials of domestic competition in the south of England had agreed to a new voluntary code of conduct after allegations of dubious sales tactics.

Ms Spottiswoode said all British Gas's rivals would be joining the Direct Selling Association, a body recognised by the Office of Fair Trading.

The Gas Consumers Council had wanted Ofgas to make the code legally enforceable using its license conditions. Ms Spottiswoode said she would "seriously consider" such a move, but only if the selling problems were not sorted out.

Ofgas yesterday released its annual report showing complaints against British Gas had tripled last year to 9,287. Ms Spottiswoode said numerous calls for compensation were "the best way to bring the company into line".

She said: "It is important that consumers are treated fairly and consistently across the board. We are doing our best to achieve that."



SFA ban Crook from UK trading

COMMENT

To fall victim even to a fraud as apparently motiveless as this one is to demonstrate serious failings in organisational structure and control. In Pearson's case, it seems to confirm all the market's worst suspicions of sloppy and unprofessional management.

John Willcock
David Crook, a former trader with a murky investment business, has been banned from watchdogs for the "grossly improper" transfer of 70 per cent of the bank's money to a bank in Zimbabwe. Mr Crook joined James Buchan three years ago, government bonds and shares. Yesterday he was expelled from the regulated Securities and Futures Authority (SFA), which will ban him from trading in the UK. SFA costs of £8,500. An SFA tribunal found Mr Crook had "consciously and repeatedly lied to me to half-truths" during a views with the regulator's bank account.

A spokesman said: "No further action is needed." The SFA has handed Mr Crook's case to the London Police. They were unable yesterday to firm whether or not they investigating Mr Crook.

A spokesman for the said yesterday: "I am aware that our case against Mr Crook had evolved to permanently deprive him of the £70,000 circumstances of the case automatically put it under police" category.

Mr Crook, a South African, joined James Buchan in 1994. The following year, while the manager deal settlements were made, Mr Crook made a £70,000 profit by pretending he were funds needed to trading account opened with another firm.

The SFA was told by the bank in January that Mr Crook had been suspended. He paid the £70,000 by his money personally. He later sacked for misconduct.

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Penguin opens a new chapter in rogue traders

It is not just investment banks that fall prey to the antics of out-of-control rogue traders, or so it would seem. Quite a number of industrial and service companies have been laid low by the rotten apple employee, too. But why did it seem so inevitable that the first media company to be made a laughing stock of in this way would be poor old accident-prone Penguin?

The first line of defence when confronted with the sickening discovery of a "rogue within your midst" is to claim that it could have happened to anyone. Both Barings and Morgan Grenfell used this excuse and was again being liberally applied yesterday by Penguin. If this seems firmly unbelievable, there's always this convenient little fall-back line – that the wrongdoer was clever, manipulative, devious and covered his tracks well.

Furthermore, Penguin claims, in the world of book publishing it is easy to hide antics of this sort. But if what Penguin is trying to say here is that Penguin is a shadowy and poorly organised environment in which this kind of thing tends to go by unnoticed, it doesn't seem to help its cause much either.

Ah well, if all else fails there are always the auditors to blame. Quite a few audits were being made in that direction yesterday too, though this is always a poor excuse when the main duty of care when booking sales lies with directors.

As in all these cases, there can in the end be no mitigation here. To fall victim even to a fraud as apparently motiveless as this one

is to demonstrate serious failings in organisational structure and control. In Penguin's case, it seems to confirm all the stock market's worst suspicions of sloppy and unprofessional management. Coming so soon after the Minestrone fiasco, it surely would have drawn blood had the old regime still been in place.

As it is, Penguin has already cleaned out the stables. There's a new team at the top, none of whom can really be blamed for this, and new audits too. If Marjorie Scardino acts as tough as she talks, then a wind of change will shortly be sweeping through this sleepy old organisation; the neglect and semi-malfunction that allowed this and other disasters to happen will soon be a thing of the past. But is she going to get the chance?

There surely couldn't be a better time than this for that long-rumoured break-up bid.

Some investors are going to be saying enough is enough, management changes notwithstanding.

Chubb fattened up for the kill

Even for someone as well versed in shareholder value as Sir Ernest Harrison, today's expected £1.3bn bid for Chubb is something of a coup. Not satisfied with spinning off first Vodafone and then Chubb from Racal, his sprawling electronics empire, he has now given shareholders another slice of

value just as the locks and safes business was running out of steam.

When Chubb emerged from Racal it was flabby and undermanaged, grist to the mill for Ernie's hatchet-wielding lieutenant David Peacock, who set about the cost-base with gusto. No surprise that the shares should double during 1993 as he unlocked the company's well-hidden potential.

Since then, however, it has been downhill all the way as a talent for swinging the axe had to be replaced by a flair for top-line growth. The electronic and physical security market is huge, worth some estimates £25bn a year, but in many developed markets it is also stagnant. In a handful of Far Eastern markets it is growing fast from scratch, but Chubb has struggled to capture those sales.

Chubb has had to work hard to shed its staid image and judging by its flagging profits from locks and safes has sagged as weak European economies and the moribund Australian construction market took their toll. Even the sexier closed circuit TVs and alarms sector have struggled to generate double-digit growth. After disappointing interim figures before Christmas analysts have been taking the red pen to forecasts.

So securing a bid at a premium of almost 50 per cent to the shares' recent low represents a real coup, even if delayed growth from recent Australian acquisitions means the price is less attractive than it might

immediately appear. Adding in the £750m that the rump Racal business is now worth a total of more than £2bn compares pretty favourably with the £700m Williams almost got away with paying five years ago.

Managements are usually pilloried for overpaying for assets, but this case shows the dangers of being too parsimonious. If Chubb's latest suitor really is Williams once again, it is paying a heavy price for its tight fist in 1991, when it was widely thought that a final tweak to its offer would have won the day.

How Tesco played the wrong card

It is all very well for a bank to help a supermarket develop plastic payment and credit cards, a bread and butter processing service that can be done under anyone's brand name. But it seems to be quite a different story if a supermarket strays into banking heartland, by setting up branches in its stores and eventually applying for a banking license. This is what tipped NatWest into withdrawing its co-operation from Tesco, whose phenomenally successful Clubcard service has been taking the red pen to forecasts.

Promised by Sainsbury's decision to set up a bank jointly owned with Bank of Scotland, Tesco is now thinking of doing exactly the same itself, in a game of financial services leapfrog with its closest rival. Tesco will

not be applying for a banking license, yet, there is little doubt about where its plans are leading.

Even if NatWest had been more cooperative, it is hard to fault the decision by Tesco to switch to Royal Bank, which like Bank of Scotland has such a small share of the English and Welsh markets that the conflict of interest is insubstantial. As part of a streamlining of retail banking services, NatWest yesterday announced it would be sticking its fund management, private banking and life insurance operations into a single unit. In part, these moves are a response to tougher competition of exactly the sort that Sainsbury and Tesco are bringing to the banking market.

So it would have been a nonsense to continue the relationship. Indeed, eyebrows were raised when it was first announced, though at the time few realised what a threat the supermarkets might become to the banks. What neither side has yet admitted, however, is the likelihood that this will be a zero sum game. Banking is not a marketplace that will expand easily as new entrants arrive. The main impact of the supermarkets, therefore, will probably be to reduce the profitability of the banking market. There could be a quite vicious price war and smaller players will find it hard to survive. No wonder Lord Macaulay was made to feel so uncomfortable in his position on the NatWest board. He's about to take a knife to the bank's soft underbelly.

Jump in inflation puts Clarke on the spot

Diane Coyle
Economics Editor

Kenneth Clarke, Chancellor of the Exchequer, suffered a fresh embarrassment yesterday when official figures showed an unexpected jump in the headline rate of inflation.

The figures followed hard on

the heels of the Bank of England's prediction, earlier this week, that inflation was set to miss the Government's target.

The Chancellor rushed to deflect attention from the disappointing figures to a report on the British economy from a friendlier source, the European Commission. "The Commission highlights the Government's economic policies as the reasons for the stable and sustainable recovery of the UK economy," Mr Clarke said.

A Treasury statement picked out a paragraph in the EU report which said the Government could achieve the target of underlying inflation below 2.5 per cent by the end of the current parliament.

However, the Chancellor forgot to mention the report's next paragraph, which warns of the danger of the economy overheating. "This may require a tightening of monetary policy," it continued.

City experts were certainly disappointed with the inflation figures, even though they showed the biggest one-month

drop in the price of clothing and shoes since 1947, when Christian Dior introduced his revolutionary New Look.

Most economists still expect the target inflation measure to fall below the key 2.5 per cent level during the next three months, but to start increasing subsequently.

Jonathan Loyens, UK economist at HSBC Markets, said: "This was a setback for Mr Clarke." But he said better news in the pipeline over the next few months would allow the Chancellor to avoid having to raise borrowing costs ahead of the general election.

Indeed, the Chancellor had been informed about the inflation figures on Tuesday afternoon, well before he announced on the day of the Bank's Inflation Report that he saw no need for higher interest rates.

Retail price inflation rose to 2.8 per cent in January from 2.5 per cent in December, with most of the increase due to a rise in mortgage rates during the month compared with a decline the previous January.

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Return to the past: Tamara Beckwith (left) modelling a "Diorama" cocktail dress for the 50th anniversary of Dior's New Look. January saw the biggest drop in prices of clothes and shoes since 1947, when the New Look was launched. But the price of today's fashions (exemplified by Helena Christensen) has increased sevenfold in the past 50 years



in his call for higher borrowing costs.

The Chancellor, however,

insisted that his views and the Governor's were very close. "The Governor of the Bank and myself are entirely agreed that there is only a small difference of judgment between us – one quarter of one per cent. He thinks I put a little too much emphasis on the present strength of sterling and I think he puts a little less emphasis on the strength of sterling," Mr Clarke told MPs yesterday.

Flexible workforces needed in Europe

Amid upbeat assessments for growth, the OECD and Brussels have focused on deregulation. Katherine Butler and Yvette Cooper report

and greater use of voluntary part-time work. Employers' contributions at the lower end of the scale should be lowered with any revenue loss offset by taxes on pollution or other environmental levies. A Commission spokesman stressed, however, that the choice of measures remained strictly for national governments to decide.

In its annual economic report the European Commission went further than before yesterday in calling on European Union (EU) governments to embrace worker flexibility as the key to casting off the milestone of persistently high unemployment.

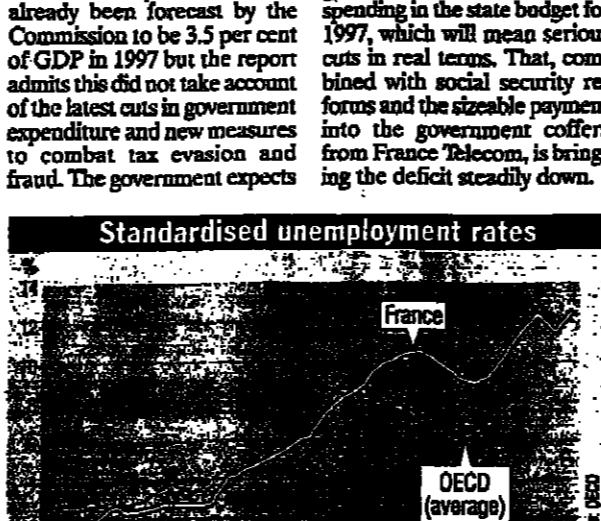
Meanwhile, the OECD's annual survey of the French economy said that although growth was likely to rise above 2.5 per cent in the next few years, unemployment would remain high without further structural reform. It also predicted that on current policies France would not meet the Maastricht criteria for joining a single currency.

The European Commission stops short of advocating the American economic model which for "social and political reasons" could not, it says, be emulated in Europe. The US approach to job creation had caused a "significant" drop in real wage income for the low skilled, the report said. Nevertheless, the Commission calls for "pragmatic solutions" including below minimum wages for the low skilled, for young people or the long-term unemployed, more flexibility in working time

towards a sustainable low budget deficit.

The report praises Britain's economic performance: the Commission says the UK is experiencing "a recovery of longer duration than in the rest of the EU". Debt has risen as a percentage of GDP but consolidation of the public finances has helped slow the increase and it is expected to peak at 5.7 per cent in 1997. This just below the 6 per cent maximum stipulated under the EMU qualifying rules. Britain's public deficit has already been forecast by the Commission to be 3.5 per cent of GDP in 1997, which will mean serious cuts in real terms. That, combined with social security reform and the sizeable payment into the government pension fund from France Telecom, is bringing the deficit steadily down.

Standardised unemployment rates



The report said, "Even if, as foreseen by the OECD's projection, there should be room to take the measures needed to bring it back on track. In the absence of additional measures, further progress in fiscal consolidation will be slow."

After two years of economic slowdown, the French economy is now expected to pick up. The OECD said: "The sharp fall in interest rates since late 1995 and an improving international environment should set the stage for stronger growth in coming years." Tight monetary policy – as the French government kept interest rates high so that the franc shadowed the mark – at the same time as fiscal consolidation and a slowdown elsewhere in Europe put pressure on the French economy. However, the report predicts that the French economy should now grow by 2.5 per cent this year and 2.6 per cent next year.

The OECD points out that France has made progress in reforming its labour market, it believes that more could still be done. Unemployment stands at a record 12.7 per cent. The OECD forecast that unemployment will remain around 12.5 per cent this year, and will fall to 12.1 per cent in 1998. The report also points out that much of the problem is due to rising unemployment among the unskilled – a problem faced by all European economies including Britain.

BUILDING SOCIETIES ACT 1986

Notice under paragraph 7 of Schedule 17 to the Act

Notice is hereby given that Woolwich Building Society, Register No 643B whose principal office is at Corporate Headquarters, Welling Street, Bexleyheath, Kent, DA6 7RR, desires to transfer its business to Woolwich plc, and that the society has applied to the Building Societies Commission to confirm the transfer.

business

Shell set to explore brave new world

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Shell tracked the market faithfully during the recession but it struggled off the wider gloom in 1994 and has been widening the gap ever since. Better-than-expected full-year figures yesterday lifted the shares another 27.5p to 1,059p, fully justifying outgoing chairman John Jennings's decision to give shareholders a two-for-one scrip to lower the price.

Often criticised in the past for being slow to react to a fast-changing world, Shell has actually rewarded patient shareholders well over the years. Investors who bought 10 years ago, just before the crash, and held on, have seen their capital grow threefold. Reinvesting the steadily growing dividends over that period would have led to a six-fold appreciation.

Yesterday's 30 per cent rise in net income to £5.7bn, a record, underlined the benefits of diversified groups such as BP and Shell. In a year when the oil price rose steadily to well above its average trading range over the past 15 years, buoyant returns from exploration and production (up 74 per cent to £3.2bn) were more than enough to offset a slump in chemicals profits (down 30 per cent to £762m) and an indifferent refining and marketing performance (2 per cent better at £1.75bn before exceptionalities).

The upstream arm benefited from the price of Brent crude rising to its highest levels since the Gulf war spike in 1990/91. Shell has an unmatched spread of exploration prospects worldwide and is cutting the cost of extracting oil along with the best in the industry.

It is elsewhere in the business, however, that Shell's future performance will be decided. Refining margins have been under pressure around the world so long that inadequate returns are becoming the norm. In chemicals, that is the case in spades, and the challenge is relentlessly to cut costs and to churn the portfolio away from the basket case products where oversupply and weak demand mean there is no hope of ever getting a sensible margin.

Marketing, the lion's share of the downstream operation, is the real problem area, with deregulation in previously protected markets such as Japan causing havoc as old retail boundaries break down. In the brave new world of supermarkets selling petrol and oil companies peddling forecourt groceries, it will require nimble feet that Shell has shown in the past to come out on top.

Shell's £12.3bn cash pile puts the company in an enviable position ahead of what the company forecasts to be a sustained rise in oil and gas production of perhaps 7 per cent a year for the next five years. To benefit fully from that it must beef up its spending on exploration and production capex, continue to explore partnerships such as the Texaco and Amoco alliances in North America and reduce the company's ex-

posure to the other damaging downstream cycles.

Shell will never set the investment pulse racing, but as a steady, core holding in an extremely well-run, reliable company, it is unbeatable.

Willis Corroon currency woes

Insurance brokers such as Willis Corroon have had little going for them over the past five years as rates have been driven relentlessly lower. The shares have been in steady retreat since peaking at 492p in 1986. Over the past five years alone they have lost 45 per cent of their value, dropping another 6.5p to 133p yesterday as currency woes were piled on top of the continuing gloom about insurance rates.

At first sight, the market's reaction looked churlish, given that pre-tax profits, up from £50.2m to £91.6m in the 12 months to December, came in ahead of expectations. The comparison was flattered by last year's net exceptional hit of £30m mainly for extra provisions to cover the group's withdrawal from certain UK underwriting operations. Equally, the rise in operating profits from continuing businesses from £79.4m to £87.8m was helped by what is likely to prove a one-off boost

from Willis's Lloyd's members' agency. The £14.5m profit commission for the 1993 year of account, a bumper one for names, is the first for several years and Willis is warning that current estimates are that 1994 commissions will be around half the previous year's level.

Looking past these swings and roundabouts, the group is doing its best to manage its way through the storms which continue to swirl around the broking industry. The figures included a further £11.3m severance burden as employee numbers, 11,500 two years ago, fell another 11 per cent to 9,116.

They are probably the minimum required in a business operating in a market which saw premium rates fall another 10 per cent or so last year. In view of that, Willis did well to raise brokerage and fee revenues in the continuing business by 3 per cent to £683m.

The picture is even better in most individual business sectors. Willis enjoyed a 4 per cent rise in reinsurance brokerage last year, a 2 per cent increase in specialist businesses like marine and aerospace and growth of 6 per cent in so-called "retail" lines sold to companies in the UK and 3 per cent in North American retail.

With no debt, the group is well positioned to attack the maturity of its markets by buying some of its smaller competitors, but it still has a big hill to climb.

Shell : at a glance

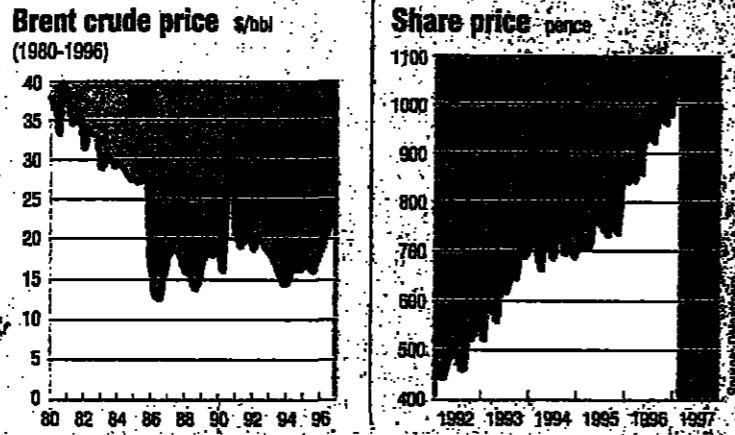
Market value: £36.1bn, share price: 1,059p

Five year record 1992 1993 1994 1995 1996

Pre-tax profits (£bn) 5.3 5.8 6.6 8.0 10.4

Dividends per share (pence) 21.9 24.0 27.1 33.3 36.0

Brent crude price (\$/bbl) (1990-1996)



Share price: pence

(1990-1996)

1100
1000
900
800
700
600
500
400

1990 1991 1992 1993 1994 1995 1996

Even with 70 per cent of this year's revenues sold forward, the currency impact of the pound at current rates could be £6m to £7m. Meanwhile, rates continue to fall. NatWest has raised its profits forecast to £94m for this year, putting the shares on a modest forward p/e of 10. Yielding 6.2 per cent, they are well supported, but investors hoping for a bid may be disappointed. Unattractive.

Bensons bags a return to profit

Sadly, Bensons Crisps' record as an innovator in the snack market has not been matched by its financial performance. The tiny Lancashire-based company has won fame beyond its size for such classics as hedgehog-flavoured and jacket crisps, many of which have been copied by its deeper-pocketed brethren. Such novelties did not prevent the group coming to the brink of collapse in 1994 after being hammered in a supermarket price war. But after a £4.6m rescue cash call at 16p a share two years ago, new management has wrestled the group on to an even keel.

Yesterday's return to the black after two years of losses only served to underline the transformation. Pre-tax profits leapt to a record £2.03m in the year to November, up from losses of £747,000, producing earnings per share of 4p. The final dividend of 0.75p makes it 1p total for the year, the first year since 1993 that shareholders have been blessed with any payment.

The good news prompted a 5p rise in the shares to 40.5p yesterday, their best level for over two years.

The figures reflect a rationalisation of the group's production facilities, which are now concentrated on a new £6.5m plant in Kirkham, near Preston. The resulting increased production efficiencies helped the £1.61m increase in turnover to £23.8m flow through to operating profits, which soared from £928,000 to £2.54m. The comparison was helped by a £933,000 provision for a loss on a business sold, while interest charges fell. There should be more of that after gearing tumbled from 64 to 16 per cent during the year.

The key question for Bensons, with just 6.5 per cent of the crisps market, is whether it can avoid the pitfalls of the past. Its Dandy and Beano crisps, joined last year by Spiderman extruded snacks, have continued to do well and it is cranking up a new line at Kirkham to take control of all its tortilla corn chip production. That should add another string to its own-label portfolio, which already covers 59 per cent of its crisp sales.

House brokers Peel Hunt reckon profits will rise to £2.4m this year, putting the shares on a forward multiple of 10. Reasonable value.

IN BRIEF

• Retail sales in the US rebounded last month after a December performance that was much weaker than originally estimated. Sales rose by 0.6 per cent in January, or 0.4 per cent excluding cars. But the increase for December was revised down by half to a modest 0.3 per cent. These figures hinted at a slightly weaker pace of economic growth, but the weekly figures for new jobless claims pointed in the opposite direction. They fell to 309,000 last week, the lowest number since July when job creation was powering ahead, from 324,000 the week before. The financial markets took the mix favourably, on balance. More significant figures, for industrial production and capacity use, are due today.

• The Government's Paymaster agency is being sold to EDS/Hogg Robinson for £22.7m. The agency provides pensions and banking-type services to the public sector. It has annual turnover in excess of £25m, administers 1.6 million public sector pensions, operates accounts with the Bank of England of 1,400 government departments, agencies and other public-sector organisations, and has comprehensive in-house information technology systems.

• West European car registrations fell 2.9 per cent in January to 1,130,000, according to the Association des Constructeurs Européens d'Automobiles. Registrations in the 15 EU countries fell 2.5 per cent to 1,099,200, while those in Norway and Switzerland were down 16.3 per cent to 30,800. The sharpest falls were a 33.7 per cent drop in French registrations to 122,300, a 26.3 per cent decline in Switzerland to 19,600, and a 9.7 per cent decrease to 23,400 in Austria. There were sharp rises in Sweden of 28.4 per cent to 14,400, in Spain of 22.1 per cent to 68,600 and in Ireland of 20.4 per cent to 20,400.

• Telewest Communications has appointed Stephen Davidson chief executive. He has been acting chief executive since August. The company has also appointed Charles Burdick as finance director.

• RAA said its seven UK airports handled a total of 6.7 million passengers in January, an increase of 5.2 per cent on the same month last year. The company said the increase was helped by 6 per cent but for the effect of fog disruption at London's Heathrow, Gatwick and Stansted airports, which reduced the number of passengers by about 30,000. All major markets saw growth in the month, with North Atlantic services growing by 12.2 per cent and other long haul routes up by 7.9 per cent.

• Lufthansa said its cargo operation and Scandinavian Airlines Systems Cargo are to co-ordinate freight, sales and marketing activities as part of a drive to cut costs. The companies, which already operate joint passenger flights, will share freight technology services and work together on new products.

• Copyright Promotions has signed a contract for the Mr Men characters with Playmates Toys of the US. Playmates Toys will develop a range of Mr Men and Little Miss toys in time for the first broadcasts of the Mr Men TV series in the US in the autumn.

• Macfarlane Group (Clansman) is buying Amalgamated Plastics, a maker of polyethylene film, for a maximum £7.5m. In the year to October, Amalgamated made profits of just under £500,000 on sales of £21.17m.

• Candover Investments, the venture capital company, said the heady level of mergers and acquisitions in the UK could continue over the next five years. It said a survey of 50 of the UK's biggest companies showed that 44 per cent planned to make an acquisition within the next year, and 76 per cent were likely to do so in the next five years.

C&G to cut back mortgage deals as lending increases

Magnus Grimond

Cheltenham & Gloucester, the former building society now part of Lloyds TSB, called time on some of the more attractive deals available to borrowers yesterday as it reported a near-doubling in its gross lending last year.

Andrew Longhurst, the former chief executive who is to become chairman, said the flat housing market meant competition for remortgage business had been particularly vigorous over the past two years, resulting in some offers to customers which were "clearly unsustainable" in the longer term.

"We are already seeing a return to a more healthy situation and while competition will continue to be keen, margins in 1997 are tending to widen." Big discounts and "cash-back" schemes are likely to be phased out by competitors, he suggested.

C&G, which prides itself on providing low-cost, no-strings mortgages, has abandoned its own promise to undercut the big five housing lenders on rates since the beginning of February.

Mr Longhurst said the new commitment only to be "competitive" would have no significant effect on borrowers,



Andrew Longhurst: Some offers were unsustainable

although he conceded there was little sign of any real improvement in the housing market: "You need to draw a very clear distinction between house prices going up and actual sales volume activity, actual sales in the market."

The market recorded the second-lowest level of transactions for 20 years towards the end of 1996. "You are not looking at a very buoyant market in terms of transactions, as not many people are putting houses on the market," he said.

But despite the caution about

the market's cost-asset ratio,

the group said it was taking twice the amount of new business that its "natural" market share would suggest at the end of the year, its share of total outstanding mortgages in the UK had risen from 6.5 to 6.9 per cent.

Mr Longhurst said they had delivered on the strategy laid out in the transfer document which members were asked to vote on when Lloyds acquired the business.

"In the first year we have been able to double mortgage lending, double our natural market share and we have driven down the cost-asset ratio." But it has not been entirely painless: the group's cost-income ratio crept up 1 percentage point to 33 per cent in 1996. Mr Longhurst blamed this on last year's interest rate promise, cash "gifts" paid to new borrowers and the decision not to charge them any initial set-up or other fees.

He said Lloyds TSB, which reported its 1996 profits today, remained "alert" to strategic acquisitions, but there was nothing on the stocks at the moment. The group will see around 1,000 branches added this year, taking the total to some 3,000, after it starts selling through TSB, Black Horse Agencies and Lloyds Property Services outlets.

Ivory & Sime rebuilds fund manager team

Magnus Grimond

Ivory & Sime, the troubled Edinburgh investment management group, yesterday moved to repair some of the damage caused by last week's ousting of managing director Colin Hook by announcing the recruitment of five senior fund managers.

The new recruits will fill some of the gaps created in the last two months by the departure of seven executives, including two board members, which has prompted speculation that the group is ripe to be taken over.

But Sir David Kinloch, who was drafted in by Caledonia Investments, Ivory's controlling shareholder, to replace Mr Hook, again firmly rebutted any suggestion that the group was for sale and suggested that morale was starting to improve. "I would like to think things are much more stable here." The group had not lost any of its funds under management since the latest upheavals came to light, he said. "I think clients are broadly happy. None have indicated they want to leave."

The new team is headed by Raymond Haines, a former

head of investments at Hill Samuel Asset Management.

Also joining are Paul Galway, a refugee from General Accident, which is moving its fund management operation to London, Duncan O'Neal, who is coming from Investment Bank Austria to take up a new role covering European smaller companies and Raymond Abbott, coming back to Ivory after seven months with the Royal Bank of Scotland. The fifth recruit, George Purves, is already in place as senior dealer after 30 years with Edinburgh stockbrokers Bell Lawrie White.

Sir David said they were still working on filling one or two further gaps, but added: "I think this is an indication we haven't been idle." They had been working on recruiting people over the past few weeks. "We had quite a lot of interest, but it would be wrong to say people were beating a path to our door."

He refused to be drawn on whether Ivory was looking for a replacement at board level for Gordon Neilly, the former business development director who left at the end of last year.

British Biotech finance boss quits

Magnus Grimond

British Biotech, the UK's leading biotechnology group, surprised the City yesterday by announcing the sudden resignation of its finance director, James Noble, leaving behind potential option profits of around £2.85m. Shares in the group initially fell 20p, before recovering to end 9.5p down at 239p.

Mr Noble was a key figure in the group's relations with both the City and the press and one shareholder suggested yesterday he had been guilty of "overegging" the story at times. But Keith McCullagh, chief executive, said there had been no dissatisfaction with Mr Noble.

"James's management of the accounts has been exemplary."

The company was moving to a new stage of its development as it established new trading subsidiaries on the Continent, which would require the establishment of systems and procedures to match.

"James has been thinking whether he wants to help take us forward as the next stage of his career and he has come to the conclusion that he doesn't."

Mr Noble, who arrived from Kleinwort Benson, the merchant bank, in 1990, is understood to be looking at a number of other options, including joining some young growing companies.

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creases

the market, C&G is closer to prosper. Reporting its full-year's figures on £1.8bn acquisition by last August 1995, the group revealed a 9.2 per cent after gross advances to 14.1bn bought by the addition of existing management.

Pre-tax profits fell 2 per cent to £33m in 1996, due to bad debt provisioning. From £13.7m to £11.2m, net rents fell and rising losses cut the level of earnings. Arcars are said to be holding at below half the average of around £1pc of borrowers.

C&G is now claiming a per cent share of the net new mortgage lending advances since £1.6bn to £2.82bn. The group said it was twice the amount of business that its market share would be at the end of the year, as the total outstanding mortgage in the UK had risen from 4 per cent.

Mr Longhurst said: "I delivered on the transfer-out which members were due to vote when Lloyd's got the business."

"In the first year we've been able to double our lending, double our market share and we've cut down the cost of borrowing," he said.

But it has not been painless: the group's income ratio crept up 1 per cent point to 35.1 per cent in 1996. Mr Longhurst said: "This is last year's message: cash 'gives' new borrowers and lends not to charge them an set-up or other fees."

He said Lloyds TSB reports its 1996 profit named "alert" to strategic questions, but nothing on the substantive.

The group is around 1,100 branches this year, taking the to some 3,000, after it set up through TSB Bank Agencies and Lloyd's Services outlets.

Sime
ilds
fund
larger
team

head of investment, Samuel Asset Management.

Most joining are however, a judge friend, Accident management, based in London. Dania who is coming from a management team Austria and a new role in a small company called Albatross, joined from after seven years at the Royal Bank of Scotland, George Peacock, and George Peacock, in place with him after 10 years with the stockbrokers Bell & Cawthron.

White said: "Samuel and I are filling a gap in the market, but we think this is an area that hasn't been addressed by people over the past 10 years."

"We had quite a lot of people, but it would be better if people were better off our door."

He refused to say whether John was his replacement at Bell & Cawthron, Niall, the newness development and left at the end of last

sh Biotech
e boss quit

James' management team has been established. The company has a new staff involved in establishing its position in the industry, which has been established.

James' has already moved forward with his career and has been involved in the company's development. Mr Niall, the chairman of Biotech, has said that he will leave the company in the future.

Data Bank	
FTSE 100	+22.8
4327.1	+22.8
FTSE 250	+12.2
4586.7	+12.2
FTSE 350	+10.0
2324.7	+10.0
SEAO VOLUME	
937.2m shares	
40,801 bargains	
Gilt Index	
96.56	+0.02

Share spotlight	
360	£1.10
350	£1.05
340	£1.00
330	£0.95
320	£0.90
310	£0.85
300	£0.80
290	£0.75
280	£0.70
270	£0.65
260	£0.60
250	£0.55
240	£0.50
230	£0.45
220	£0.40

Footsie reaches new high in spite of election jitters

Equities enjoyed another record-breaking session, drawing encouragement from New York's outstanding overnight display. Footsie stretched 22.8 points to 4,327.1, topping last week's peak by 19.3.

Yet political nervousness is becoming increasingly apparent. To a large extent election jitters have been masked by Wall Street's strength. Although the stock market has attempted to cling to Wall Street's coat-tails there is no doubt it has found it difficult to remain in touch.

Indeed the gap between Footsie and the Dow Jones Average is yawning wider and wider. At the start of last year it was around 1,400 points. When this year got under way the gap had stretched to 2,434 and as the market closed yesterday it stood near to 2,650.

However there remains a strong body of opinion that shares will continue to perform

well although there is a suspicion the market could endure a bout of summertime blues.

Another outbreak of takeover activity, possibly due to the looming election, is helping to soak up some of the political uncertainty. The mystery predator at Chubb Security means a £1.3bn offer is in the market and comes on the heels of the battle for Newman Lyons and Fairley's successful suit for Burford Siebe's modest £46m bid for Wressco has climbed 48p.

Smith & Nephew, the health care group, is another regarded as a possible target.

The shares gained 2.5p to 757.5p on SEC Warburg support, seen as the most likely target. Since Unilever's ambitions became apparent Reckitt

shares have climbed 48p.

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Smith & Nephew, the health

MARKET REPORT

DEREK PAIN

stock market reporter of the year

The Chubb excitement split over to its former parent, Racial Electronic. A suspected meeting at Henderson Croft was another bullish influence. The shares rose 13.5p to 276.5p.

Empa, the publisher, was another thought to be meeting analysts; its shares edged forward 2.5p to 812.5p.

Shell, largely on its share-split, fared 2.5p to 1,030p; the rest of the sector, with the exception of Calcas Energy, had an indifferent session. Carn was helped by renewed exploration interest in Bangladesh where it is deeply involved. The shares rose 22p to 557.5p.

Iskashape, the international

trading group, gained 9.5p to 270.5p on Klemmert Benson support and BAA, rose 4p to 545p on Lehman Brothers buy advice. Pearson was hit by the possible £100m provision, falling 14p to 749.5p.

Utilities were unmet by Gordon Brown's assertion that Labour's planned windfall tax would be legal. Thames Water fell 7p to 667p.

Imperial Chemical Industries gave up 7p to 751.5p as Salomon Brothers reduced its recommendation to hold. It has substantially downgraded expectations and is looking for little changed profit of 561.1m this year and £702.5m next.

An upbeat profits forecast - an unusual event in these days of profit warnings - sent clothing group French Connection 45.5p higher at 315p and ahead of figures today Flying Flowers moved up 3.5p to 215.5p.

Health shares were strong. SmithKline Beecham, figures

soon, jumped 25.5p to 883.5p and Celltech rose 12.5p to 671.5p. Shield Diagnostic, still awaiting trial results on its method of detecting heart disease, gained another 45.5p to 370.5p. But British Biotech fell 9.5p to 239p on the surprising departure of finance director James Noble. At one time the shares were off 20p.

Corporate Promotions, the merchandising group, jumped 10.5p to 91p after signing up with Playmates Toys of the US for the development of the "Mr Men" brand.

Stockbroker Charterhouse Thine had a busy day, collecting two brokerships - John Maunders, a builder, and Bambers Aravay, a printer. Maunders held at 185p and Bambers at 102.5p.

Tracerader, the leisure group, fell 5p to 37p, a 12-month low, and director share-buying lifted wine bar operator Pemberton's 4.5p to 25p.

□ Dealings in the shares of Burtonwood Brewery, the Warrington group, continue to fall. There has been a steady stream of small deals in the past few weeks, taking the price to a 196.5p peak.

The activity has prompted rumours of stake-building ahead of a bid or selling by members of the three families which collectively have more than 40 per cent. Biggest outside shareholder is Allied Domex with nearly 5 per cent.

□ Jarvis Porter, the drink labels and packaging group, is attracting attention. The shares have edged forward, closing 8p higher at 145.5p. They were 310p a year ago. Interim profits were lower, and although second-half figures will show some improvement there is talk a bidder is preparing to take advantage of JP's problems.

Share Price Data			
Prices are a sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price earnings (PE) ratio is the share price divided by last year's earnings per share, excluding exceptional items.			
Other details: Ex rights & Ex dividend & Ex all United Securities Market & Suspended & Pd Party Paid pm All Paid Shares & AM Stock			
Source: FT Information			
The Independent Index			
The index allows you to access real-time share prices by phone from London Stock Exchange. Simply dial 0800 233 333, and when prompted to do so, enter the 4-digit code printed next to each share. To access the latest financial reports dial 0800 123 333 followed by one of the two-digit codes below.			
FTSE 100: Real-time	00 Sterling Pairs		
FTSE 100: Financial Report	01 Bourse Pairs		
UK Company News	02 Wall St Report		
Foreign Exchange	03 Tokyo Market		
	04 High Street Banks		
	05 Cable & Wire		
	06 Club 2000		
	07 Lumbini		
	08 ADA Group		
	09 GTE		
Market leaders: Top 20 volumes			
Stock	Vol 9600	Stock	Vol 9600
Hanson	380000	Bell & West	100000
BTU	360000	Smith & Nephew	100000
Intershop	350000	Lydia TSB	90000
Marconi	350000	PFO	90000
British Telecom	350000	Chubb	70000
Pearson	350000	Wärtsilä	60000
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10.00 4325.1 up 2.9	11.00 4326.1 up 3.0	12.00 4327.1 up 2.8	
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Stock	Vol 9600	Stock	Vol 9600
BTU	350000	Smith & Nephew	100000
Intershop	350000	Lydia TSB	90000
Marconi	350000	PFO	90000
British Telecom	350000	Chubb	70000
Pearson	350000	Wärtsilä	60000
Textiles & Apparel			
Stock	Vol 9600	Stock	Vol 9600
BTU	350000	Smith & Nephew	100000
Intershop	350000	Lydia TSB	90000
Marconi	350000	PFO	90000
British Telecom	350000	Chubb	70000
Pearson	350000	Wärtsilä	60000
Pharmaceuticals			
Stock	Vol 9600	Stock	Vol 9600
BTU	350000	Smith & Nephew	100000
Intershop	350000	Lydia TSB	90000
Marconi	3		

business



Still bleeding: Cor Boonstra (left) and the UK vice-president of Philips, Dudley Eustace, at the agm in Eindhoven, the Netherlands. Photograph: Reuter

Review plunges Philips in red

The root-and-branch review of Philips Electronics by Cor Boonstra since he became president of the world's third-largest electronics company last October has led to a further rise in already hefty restructuring charges, resulting in a surprise loss for the fourth quarter of 1996.

There was a mixed reaction among analysts to the additional action announced yesterday by Philips to become more competitive against its two main Far Eastern rivals – Samsung and Sony – and to two top-level departures from the management board.

Some analysts believed the decision to increase restructuring charges from 1.85bn guilders to 2.57bn guilders (£835m) should yield solid benefits next year, while others doubted whether it would be enough to resolve the company's problems. The mixed views

caused Philips' share price to bounce around between 76.5 and 79.9 guilders after the announcement.

Peter Worth, an analyst at Delta Lloyd Bank, said: "The figures were not as good as expected, but not terribly disappointing. It is a good idea Philips is taking all the charges now... 1997 will probably still be tough, but in 1998 the effects of all the restructuring should start working out."

The restructuring charges – of which 725m guilders related to the troubled Grundig business in Germany – culminated in the company booking

a net loss of 590m guilders for the year, a stark contrast to the 2.5bn guilders profit made in 1995. And before the restructuring costs, the loss in the fourth quarter was 81m guilders as almost all of Philips' businesses recorded declines.

Commenting on the results and on prospects, Mr Boonstra said 1996 was "disappointing but not surprising". It is a good idea Philips is taking all the charges now... 1997 will probably still be tough, but in 1998 the effects of all the restructuring should start working out."

He said that positioning Philips for growth "cannot be done by cutting alone" and added that he would be ready

to implement a growth strategy by year-end.

He reiterated his policy of weeding out the company's under-performers and losers. "While this process is not yet complete, it is on schedule, and we are rapidly disposing of activities that absorb profits, cash and management time."

Dudley Eustace, Philips' chief financial officer, said

Grundig cost the company about 1.2bn guilders in 1996, exclusive of operating losses.

The Dutch electronics maker has set aside 600m guilders to buy it self out of an agreement to bear

net stripe card production and personalisation with PSCS's smart card technology.

Philips has almost 300 employees, and in 1996 the company had turnover of around 100m guilders (£32.4m). Its smart cards are used in the banking, telephony and pay television industries. Financial details of the planned deal have yet to be announced.

Grundig's losses and pay the founding family trust a yearly dividend, irrespective of results.

Beside severing ties with Grundig since becoming president, Mr Boonstra has closed the Superclub International chain of video stores, decided to sell the cable television business and to find a partner for the multi-media business.

His strategy virtually opposes the vision of Jan Timmer, his predecessor, who yesterday resigned from Philips' supervisory board – a move that analysts construed as a protest against Mr Boonstra's actions.

Mr Boonstra, however, dismissed claims that the departure of Frank Carruba, a management board member, that was also announced yesterday was a sign of top-level discord. He has agreed to continue to work for Philips as a consultant.

It wasn't just the England football team that had a bad time on Wednesday.

Ladbrokes, which has a link with Hilton Hotels, was busy preparing a press release on the \$10m bid by Hilton for hotels and casio group ITT in the US.

Then a builder outside

Some traders in the City tried to write a ditty...

PEOPLE & BUSINESS



Nick Hodges: LIG is targeting the financial community

Ladbrokes' Watford head of office drilled through the main power line and scuppered the publication.

Ladbrokes' misfortunes continued into the evening, when they were hosting the launch of a new spread betting service in the City. Guest speakers included footballer Mick Channon and John Parrott, the snooker player, who were invited to give their wisdom on the England/Italy game, which was screened live for the guests.

Predictably, the atmosphere turned a bit flat when Zola planted the ball in the back of England's onion bag.

"We won't be running one of these events again in a hurry," muttered a Ladbrokes spokesman afterwards.

This week has marked the return of Cameron Brown,

the ex-Guinness Mahon director who steered the growth of Abaco Investments until it was bought by British & Commonwealth in 1988.

Mr Brown is back in business with C&B Publishing.

Trading started on AIM

last Friday. Placed at 110p the shares moved to 165p on Friday and then up a further 15p on Monday.

C&B Publishing is a holding company for a group launched in 1989 by Mr Brown and Mark Collins, a

scion of the Collins publishing clan, who was previously deputy chairman of Weidenfeld Publishers.

C&B's shareholders include Paul Tierney, a director of VAL Corporation, parent of United Airlines and principal of US investment house Goliath, Tierney & Oliver. They also include Tim Razzall, former chief executive of solicitors Frere Cholmeley Bischoff and also national treasurer of the Liberal Democrats.

What have Hampton Court Palace, Wormwood Scrubs and wallpaper maker Borden Decorative Products got in common?

Their respective managers have all taken part in the annual Venture business game held by the Bradford Management Centre.

The business world's equivalent of fantasy football, it relies heavily on computer models of company life. Top bidders meet every fortnight over six months to mull management decisions for a virtual company. The winners this year will pick up £18,000 of Hewlett Packard equipment.

If you fancy yourself as a virtual Branson, contact: Venture Competition, University of Bradford Management Centre, tel 01274 384416.

John Willcock

London Metal Exchange

Metals

London Metal Exchange

Stock volumes & change in tonnes as at 11 Jan 17

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Pride's fall adds to Irish woe

Racing

GREG WOOD

The business end of betting on the Cheltenham Gold Cup proved surprisingly resilient yesterday in the face of disturbing news about both the favourite and second-favourite for next month's race.

Imperial Call, 7-2 to retain the chasing championship, will miss his intended prep race tomorrow and go straight to Cheltenham, but that may be a mercy if the performance of Dorans' Pride in his own pre-Festival race is any guide. Michael Houghton's chaser suffered a shocking fall at the second-last in the Kincraig Brae Chase at Thurles, but remains a 9-2 chance to win the Gold Cup in his novice season.

Dorans' Pride had taken the lead seven fences from home having jumped soundly throughout yesterday's race and turned for home five lengths clear of Merry Gale and Royal Mountbrough, with an easy victory to match his starting price of 1-2 apparently assured. An extra stride at the penultimate fence gave Shane Broderick no chance, however, and allowed Merry Gale a narrow and fortunate success at 9-4.

Houghton had previously expressed doubts to whether Dorans' Pride would be ready to take on the best with so little chasing experience to call on, and remained undecided after yesterday's events. "We won't be making any decision about the Gold Cup for a week or two," the trainer said. "He seems okay and I hope he is fine in the morning. Shane said he was travelling strongly when he put down again rather than came up at the second last."

"He got away with doing that at the second-last ditch at Leopardstown last time, but I don't know. Someone remarked to me that the sun may have cast a shadow at the second-last and distracted the horse but I am not wishing to make what could be a silly excuse like that. They are there where we've had, and that's where we're aiming," he said yesterday.

Imperial Call, meanwhile, will miss the Red Mills Chase at Gowran Park tomorrow, and will instead head for the defence of his chasing championship boasting the sort of form which an all-in wrestler might recognise – one fall and a submission. The latter mishap was in the Hennessy Gold Cup at Leopardstown, when Imperial Call appeared to be cantering on the run to the third-last fence, only to drop away without the hint of a struggle, and the results of a recent blood test imply that he is still off-colour.

"His blood picture is not 100 per cent right and there is some little thing wrong," Fergie Sutherland, his trainer, said yesterday. "All he needs is to get to Cheltenham fit, so what I have decided to do is send him to Thurles today and give him a spin after racing."

Again, however, Sutherland's plans were frustrated. A mis-calculation over race-times – the trainer thought that racing started an hour and 40 minutes be-

fore it actually did – meant that Imperial Call would have been galloping in the evening gloom, and the trainer decided to keep the horse at home.

Some might say that with less than four weeks to go to the Gold Cup, a "little thing wrong" is a contradiction in terms, and Imperial Call's bid count might conceivably indicate an infection to come rather than Sutherland's desire to believe one on the wane. In short, it seems most unlikely that his Gold Cup odds will shrink appreciably between now and race-day, so bets are best placed until the exact situation becomes clear.

After all, the speed with which ante-post vouchers can be devoured was clearly demonstrated yesterday when Dato Star, a 14-1 chance, was ruled out of this year's Champion Hurdle, and quite possibly the 1998 renewal as well, with a significant problem.

"He was scanned this morning and he has got a slight suspensory strain," Malcolm Jefferson, his trainer, said. He will be out for the rest of the season and we won't hurry him back as time is the greatest of all healers. It is a big blow for the lads and the yard."

The only certainty about this latest Festival scratching is that,

RICHARD EDMONDSON
NAP: Certainly Strong
(Sandown 2.0)
NB: Dexter Dove
(Sandown 3.45)

as training programmes pass the point of no return, it will not be the last. Next Thursday, it will be the turn of Coome Hill's supporters to wait anxiously for news as the (Newbury) Hennessy winner prepares for the Gold Cup in the Jim Ford Chase at Wincanton.

Walter Dennis, Coome Hill's trainer, has chosen this race in preference to both the Racing Post Chase at Kempton and the Greene's Grand National Trial at Haydock. "Hopefully they had the rain there that we've had, and that's where we're aiming," he said yesterday.

From Dennis's Cornwall yard, Wincanton will seem like a quick jaunt around the corner, but the arrangements will be rather more costly when Master Oats leaves Kim Bailey's yard to travel to the Ericsson Grand National Trial at Haydock. "Hopefully he'll have the rain there that we've had, and that's where we're aiming," he said yesterday.

Imperial Call, meanwhile, will miss the Red Mills Chase at Gowran Park tomorrow, and will instead head for the defence of his chasing championship boasting the sort of form which an all-in wrestler might recognise – one fall and a submission. The latter mishap was in the Hennessy Gold Cup at Leopardstown, when Imperial Call appeared to be cantering on the run to the third-last fence, only to drop away without the hint of a struggle, and the results of a recent blood test imply that he is still off-colour.

"His blood picture is not 100 per cent right and there is some little thing wrong," Fergie Sutherland, his trainer, said yesterday. "All he needs is to get to Cheltenham fit, so what I have decided to do is send him to Thurles today and give him a spin after racing."

Again, however, Sutherland's

plans were frustrated. A mis-

calculation over race-times – the

trainer thought that racing started an hour and 40 minutes be-



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SANDOWN

HYPERTON

1.30 QUEEN OF SPADES (top) 3.45 Denver Bay
2.00 Certainly Strong (nb) 4.15 Pedaltothesmell
2.35 The Captain's Wish 4.50 Shebang'

3.10 Davies Cavalier

CODING Chase – Good. Hurdle – Hand to Rail (post in place).

Course is an A/E/C, 4m wrap of longish, faster call stakes (steep from London, Westerly) sojourn course. ADDRESSES: Club 611; Junior Club 16; 29/3rd 513; Stand & Paddock 2116 15 for over 55s and NUS members; Park 54; CAR PARK: 82 m members (More Lane), remainder free.

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sport

FIVE NATIONS' CHAMPIONSHIP: Arch tactician relishes battle of wits with former Bath cohort tomorrow. Chris Hewett reports

Ashton puts mischief on Irish agenda

Irish rugby has been saddled with all manner of knee-jerk descriptions down the years. On a good day, it is always passionate, fierce or frenzied; on a bad day, of which there have been rather more, the vogue words range from naive and primitive to downright incompetent.

Few, however, have accused the Irish of over-complication. When Ciaran Fitzgerald launched his spell of captaincy in the early 1980s by holding up a ball and telling his squad: "This, fellas, is what it's all about," a colleague allegedly cried out: "Hold on there, skip. You're going too fast for us."

Under the circumstances, then, it comes as something of a shock to be told that Brian Ashton's priority on agreeing to join the Irish as coaching adviser was to simplify their entire approach to the international game. A certain Mr Fitzgerald might be surprised to hear that in Ashton's view, there was too much of the Einstein about his new charges and not enough of the Murphy.

"Don't laugh, but he took us back down to basics," says David Corkery, the bruisingly hard-blind-side flanker who did as much as any Irishman to nudge the latest Welsh renaissance in the bud in Cardiff a week ago last Saturday and, in the process, set up a humdinger of a rumble with the English in Dublin tomorrow. "You know,

before Brian arrived we had 15 different back-row moves and so many line-out calls that you could only calculate them in multiples of 10. Now we have three or four of each. He just walked in, introduced himself and cut everything back by about two-thirds.

"It's made a big difference, definitely. It stands to reason that the fewer set moves and calls you go on to the field with, the easier it is to know exactly what you're meant to be doing in any given situation. I've been very impressed with the clarity of Brian's approach; he's easy to get on with, but there are strong ideas in that head of his."

Before taking up a full-time coaching post at Bath last summer, Ashton spent long enough as a schoolmaster to conclude that the best communicators are those who carry their learning lightly. There is no earthy point in knowing everything about a subject, be it astro-physics or rugby union, if your students end up being blinded by science. According to the Irish players, the new teacher is not the sort to disappear into his own textbook.

Yet in his private moments at home in Bruton, Somerset, the 49-year-old Lancastrian – a league aficionado by upbringing but a good enough union scrum-half to tour Australia with England in 1975 – is as earnest and scholarly as the most diligent academic. "When I flew back to England after the Ireland-France game [his first in his new



Murphy's law: Brian Ashton takes the Einstein out of the Irish as the canny Lancastrian prepares his charges to face England in Dublin tomorrow. Photograph: Lorraine O'Sullivan/Inpho

capacity], I did so armed with every piece of rugby minutiae imaginable: videos, statistical breakdowns, fitness reports, analysis charts, anything that might give me more information on the players. I watched and read for two days solid." Had Ashton chosen NASA rather than rugby, man would have walked on Mars years ago.

The attention to detail is phenomenal. After the victory over Wales, Ashton revealed that he had spotted a possible weakness in the play of Neil Jenkins, the

opposition full-back who had played virtually all his rugby at outside-half. "Work on his left side," he told his players. "He's not yet comfortable there. He can be exposed." That precision marks him out as a very different animal to Jack Rowell, his partner of six wildly successful years at Bath between 1989 and 1994 and the man he beat out for the job if Ireland are to cause a second successive upset at Lansdowne Road tomorrow.

Although he appreciates the dynamics of scrum and line-out

better than anyone, Rowell likes to paint with a broader brush. Given that England's man-to-man advantage over Ireland is almost total, he can afford to: thanks to improving standards in the Courage League, which allow skill levels to take care of themselves, England's coach will now be spending his time and energy on getting the indefinables – attitude, focus, confidence – absolutely right.

By contrast, Ashton is engaged in searching for more cases of Neil's Left Side.

The obvious worry for Rowell is that his rival understands more about the likes of Phil de Glanville or Jon Sleightholme and the things that make them tick than anyone in the England set-up. De Glanville and Sleightholme included. "I feel quite mischievous about that," admits Ashton, who, with far less first-hand knowledge at his disposal, constructed a tactical plan sufficiently sophisticated to lure a gifted Welsh back division up any number of self-defeating culs-de-sac in Cardiff.

"Let's get this in perspective, though," he says. "At the moment, we've won one game. By a point. The players know they are still in the middle of a fairly bad trot and while I can see potential there, the amount of work still to be done is considerable. The positive thing is that they have shown themselves capable of putting a plan into operation and sticking to it. They did it for an hour against France, at which point they were leading, and they did it for the full 80 against Wales."

Ashton is too much of a realist to confidently predict an Irish victory, but he does expect to see another 80 minutes of undiluted concentration. Gemal he may be, but as Corkery says: "For all his talk of freedom of expression and the rest, he is very hot indeed on responsibility, both individual and collective. After all the work we put in against Wales, it would have been criminal to lose. And believe me, Brian would have made us feel like criminals had we done so."

Price has reason to remember a glorious day in Paris

David Llewellyn talks to one of the boys of '75, a victor in Parc des Princes

Even with six enforced changes, France are still regarded as favourites when they take on Wales tomorrow for what will be the last time at the Parc des Princes, before the Tricolore's move to the 80,000-all-seater National Stadium which is being constructed in the French capital in time for football's 1998 World Cup.

That favouritism does not stem merely from France being able to call upon some talented replacements, it also takes into account their remarkable record against Wales in Paris: it is 22 years since a Welsh side last won in the concrete bowl that is the Parc des Princes.

Like this year's Wales side, the boys of 1975 were also written off before a ball had been kicked. They were fielding six new caps that January day, raw recruits to Test rugby, who would have to cope with for-

wards of the stature of Bastiat, the Dax No 8, the brilliant Bertrandine in the backs and a formidable duo at half-back, Rometu and the man who became coach of the national side, Fouroux.

One of Wales' neophytes that day was Graham Price. At 23 he was already a seasoned campaigner for his club Pontypool. He was grateful, though, to be linking up with his front-row colleagues from the Gwent club, Charlie Faulkner and Bob Windsor. Incidentally, it was also Faulkner's debut.

Being with them helped put Price at ease, knowing he was part of what was to become the legendary Pontypool Front Row. However much at ease he may have felt, the young prop was quite unprepared for what

greeted the Welsh team when they trotted out into the cauldron of French rugby. "It's a hell of a stadium," says Price, who is now 45. "The way it is constructed, all the sound tends to bounce back at you. Obviously the crowd was behind the French team, who had not long before had quite a good victory over the South Africans.

"They were confident, while we, with six new caps, were being written off, even though we also had some great players in the side [they were captained by the great Mervyn Davies]. But the noise was what I remember most in my first experience of international rugby."

However, the Welsh overcame all the odds, including wet and muddy conditions, running in five tries to France's solitary

touchdown. One of those tries was scored by Wales' current director of rugby, Terry Cobain, another forward from Pontypool.

There was also a try for the debutant Price, a try that will live

on in the memory of everyone who saw it. It is a score that has been replayed on television every year that Wales revisit Fortress Paris.

Price, who went on to win 41

caps, cannot remember anything of the score. "But it is the same with all my international appearances," he explains. "The matches go by so quickly. And I have seen the try so often on television now that, in all honesty, the TV view of it has become my memory of it."

For those who may have missed the try, it happened like this. Injury time, France already beaten and the Welsh wing, JJ Williams, hacked ahead for 75 yards. Remarkably, first man up to the breakdown, having charged upfield from inside his own 25-yard line (Britain was not metric in those dark, unenlightened days), was Price.

He scooped up the ball, which had rolled loose, and plunged jubilantly over the line for a try which earned Wales a 25-10 victory and their biggest winning margin in Paris since 1911. That season Wales went on to win the Five Nations' Championship outright.

Thereafter, though, Price

was in on the start of the long run of defeats in Paris. He

wants to see an end to it and

suggests that tomorrow Wales have the talent to succeed.

"What must be done is to play to a pattern, just as we did 22 years ago, and not deviate from it. That should allow them to build a platform from which they can expand their play as the game progresses.

"There must be no repetition of what happened against Ireland when too often they ran aimlessly, thoughtlessly at the Irish and turned over possession. They must eradicate the basic errors they made two weeks ago when they lost the ball in the tackle.

"It is never easy to win in Paris, but I hope they do. At least it will spare my family from having to watch that try yet again."



Glory days: Graham Price (far right) tracks Steve Fenwick as he passes the ball in Paris in 1975. Photograph: PA

sports letters

Time to give our sportsmen a break

Wales of anguish

Sir: I see and hear the media, especially on television and radio, giving English cricket a hard time. Why do they do this, I wonder? I saw an interview between Jonathan Agnew and David Lloyd on *Sportsnight* and wondered who Jonathan Agnew thought he was. If the simple truth is that England failed to get the tail enders out, why bombard these people, whoever they are, with these ridiculous questions? David Lloyd or anyone else could not change the outcome, he answered that question reasonably well, for the same question was asked by Agnew in several different ways. I felt sorry for David Lloyd.

Why do the media expect so much? "It was a wonderful game of cricket, if you were a neutral," Lloyd said to Agnew. "I'm not a neutral but I thought it was a wonderful game of cricket, but then I can see all sportsmen as human beings. I don't expect anything from them. I do want to see England win things but to be endlessly going on at them for not achieving what you want is a waste of time."

I think the England cricket team all deserve medals for putting up with media and national expectations, because I'm afraid it's not about cricket or football or tennis or athletics any more. So we are not the best in the world, what's the problem?

There is no problem, just one simple fact: there is no longer a British empire. Long live being a sportsman, enjoying your sport without expectations from anyone else except yourself.

KEVIN PETER NOLAN
Exeter

Football

NICK DUXBURY

Gianluca Vialli and Patric Kluyver had differing days at the office yesterday, with the 30-year-old striker having rejected the advances of Arsenal and Everton to sign a four-year contract along with his Ajax team-mate, the utility player Winston Bogarde. Details of Kluyver's salary were not revealed, although £2.5m a year was the starting point. Milan, who will enjoy the services of both players for free, already have two other former members of the Ajax academy, Edgar Davids and Michael Reiziger, on their books.

Gianluca is obviously frustrated that he has been watching from the bench in recent matches. Hutchinson said: "But he is under contract here until June 1999, has certainly not asked for a transfer, and is not for sale."

Southampton have had their 15 minutes of fame so we can get back to reality. The only time Gianluca will be going to Southampton, as far as I can see,

is as a player with Chelsea next season."

Kluyver will be seeing a lot of Milan from the end of June. The 30-year-old striker having rejected the advances of Arsenal and Everton to sign a four-year contract along with his Ajax team-mate, the utility player Winston Bogarde. Details of Kluyver's salary were not revealed, although £2.5m a year was the starting point. Milan, who will enjoy the services of both players for free, already have two other former members of the Ajax academy, Edgar Davids and Michael Reiziger, on their books.

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Southampton have had their 15 minutes of fame so we can get back to reality. The only time Gianluca will be going to Southampton, as far as I can see,

"We are writing to the FA for their observations on what we see as a medical matter," Graham said. "I don't want to say too much but we do need clarification on the situation in case it arises in the future."

Ronnie Whelan's future as manager of Southend United will be decided today. A lengthy board meeting was held yesterday following the decision by the FA to charge Whelan with misconduct following an incident at Manchester City last Saturday. Whelan is currently suspended by the First Division club and his assistant, The Foley, has already been dismissed.

Bournemouth and Millwall are to have further talks with the Football League after no firm conclusions about the future of the struggling Second Division clubs were reached during a meeting with their representatives yesterday.

Brighton yesterday lost their appeal against a two-point deduction imposed by the FA for pitch invasions during the home game against Lincoln in October.

Mondragon thought that Lopez's long-range shot was going out of play and let it go past him – only to see it bounce into the net. "The ball had a strange spin on it," he said.

The Argentine, defender Eduardo Ercito was sent off for a 45th-minute foul while, nine minutes later, Colombia's Mauricio Serna missed a penalty to complete a bad day for his side, for whom Newcastle's Faustino Asprilla was innocently sent off.

Colombia have been joined

at the top of the table (the top four qualify for France '98) by Paraguay, who beat Peru 2-1 at home and now trail the Colombians only on goal difference.

Paraguay are the group's surprise package. Five of their remaining eight games are in the intimidating 'Defenders of the Chaco' stadium in Asuncion, where they have a 100 per cent record in this tournament.

Argentina are third, one point ahead of undefeated Ecuador. They caused a major upset with their 4-3 thrashing of Uruguay, who had three players sent off. In the other game in South America, Costa Rica were held to a 1-1 draw by Chile in La Plata.

Five more teams remain in contention, having seven points each, against Chile last year.

Ecuador, yet to play in the World Cup finals, are coached by Francisco Maturana, the man who led Colombia to the last World Cup. In the other game in South America, Costa Rica were held to a 1-1 draw by Chile in La Plata.

Colombia have been joined

around the world

by Chile, who have now

Struggling Diamonds lose their shine

Non-League notebook

RUPERT METCALF

Letters should be marked "For publication" and should contain daytime and evening phone numbers. They should be sent to Sports Editor, The Independent, 1 Canada Square, London E14 5DL. They may be shortened for reasons of space.

season, were widely tipped to compete for a second successive championship crown.

Instead, Diamonds have been stuck in a struggle against relegation and Carl Alford, their record-breaking purchase from Kettering, is on the transfer list. Alford's awful form has been only one of the problems for Roger Ashby, Rushden's manager – he has also had to cope with an injury crisis.

Fortunately for him, Ashby

continues to enjoy the support of his chairman, Max Griggs, and, predictably, he has been busy in the transfer market trying to brighten Diamonds' fortunes. Dover's David Leworthy, Kidderminster's Simon Stapleton and Kidderminster's Simeon Hodson have all moved to Rushden in recent weeks.

With only Bath City beneath them in the Conference table, Rushden are in trouble. They are in 21st place with 25 points, just below four clubs – Hayes, Bromsgrove, Dover and Halifax – all on 28 points.

Although Rushden's home form has been patchy, their gates have held up well – this season's average crowd at Nene Park is 2,308. Tomorrow, though, they face a tough trip to second-placed Macclesfield, who are now just four points behind the leaders, Kidderminster Harriers, after Tuesday's 4-0 thrashing of Hednesford.

Wednesday's World Cup results

Group Two	P	W	D	L	F	A	GP
England 0 Italy 1 (0-1)	2	1	0	1	2	1	6
Poland 3 Scotland 1 (3-1)	2	1	0	1	3	1	6
Germany 2 France 1 (2-1)	2	0	2	0	2	1	6
Spain 2 Portugal 1 (2-1)	2	0	2	0	2	1	6

Williams fears trial by media

Motor racing

DESPICABLE

Frank Williams and Patrick Head talked yesterday of their "fear and anxiety" as they await trial over the death of Ayrton Senna, which starts at 11am today.

Williams, his director, who also designed their designer, Adrian Newey, the race director, Steve Bowden and two team officials, are charged with possible homicide, will appear in court at the end of April or the beginning of May.

Williams acknowledged his concern about the case being turned into a media spectacle.

He said: "This is not good for Formula One or the individuals concerned. It's a very important and serious case. He added: "Yes, I'm worried."

Asked if the team's technical director was anxious he was anxious to clear his name and talked of the pressure of preparing for a new Formula One season under the threat of a guilty verdict, he said: "The charge is very serious, it's a criminal case, and we have to defend ourselves to the maximum. It is something I do not want on my record. We have to persuade the judge it is not an appropriate charge."

"It is quite a high profile subject and the trial is something I'm not looking forward to. If I was offered the opportunity of not going, then I don't see a lot of point in being down there."

"It is not an ideal situation continuing to work with the trial coming up. The only way to deal with it is to put it in com-

partment and deal with whatever you're doing at the time."

Head is still waiting for permission to examine the wreck of the car. Almost three years after the fatal accident at the San Marino Grand Prix, he said: "I think there is quite a bit on the car itself that would help support our view." Head challenges the accusation that steering column failure caused the accident.

Williams confirmed his team - as well as McLaren and Tyrrell - were hopeful of joining the other teams as signatories to the new Concorde agreement and insisted he had never challenged the position of the sports impresario, Bernie Ecclestone. It is generally believed Ron Dennis, managing director of McLaren, has harboured ambitions of taking over from Ecclestone.

Williams said: "There is a great deal of money involved and when we opted not to sign there was no other option. Nobody wants Bernie Ecclestone with the possible exception of one. No one could do it better than he's a genius, but there is more than one way to skin a cat."

Although Williams is characteristically cautious about his team's prospects of retaining their drivers' and constructors' championships this coming season, both expect Jacques Villeneuve to start with the edge over his new partner, Heinz-Harald Frentzen.

They are united, also, in taking little regard of Michael Schumacher's assertion that his Ferrari will not be a championship-winning car this year. "He's always playing down his chances and I don't believe a word he says about that," Williams said.

Magic man hampers Detroit's whizz



Nick Anderson of Orlando Magic tries to block a shot from Jerome Williams of the Detroit Pistons in their National Basketball Association game at Auburn Hills, Michigan. Detroit won 96-87

Photograph: John Hillery/Reuter

raph: Lorraine O'Sullivan

Ashton is too much of aalist to confidently predict victory, but he does see another 80 more undiluted concentration, he may be, but as Cotters "For all his talk of free expression and the rest, very hot indeed on responsibility, both individual and collective. After all the work in against Wales, it would be criminal to lose. All I have is Brian would make us feel like criminals we done so."

Paris

Wales' Five Nations record in Paris

Golf

Wales team in 1975

J. P. Williams (1), Week II

Davies (C, 4th), R. W. Green

Williams (ball) Urquhart, J. M.

G. Edwards (2)

A. Price, R. W. Williams, A. G.

(all Pontypool), A. H. Jenkins

J. Collier (Pontypool), T. P. S.

T. M. Davies (Rhyl), F. G. Jones

S. Stevens (Rhyl), G. D. Davis

R. Edwards (Rhyl), P. G.

G. H. Davies (Rhyl), P. Edwards

Vernon (Pontypool), Penally

Lucas Parsons equalled the course record with a nine under par 64 to snatch the spotlight from Tiger Woods in the first round of the Australian Masters in Melbourne yesterday.

Woods, who won the Bangkok Classic in Thailand on Sunday, his fourth tournament victory since turning professional last August, played the long holes at Huntingdale to finish five under par at 68 for a share of fifth place.

McGinn's seven birdies put him two strokes clear of a group of nine players, including Zimbabwe's Nick Price and Italy's Costantino Rocca of Italy, who are sharing second spot.

In stark contrast, the European Ryder Cup captain Seve Ballesteros had a disastrous 62 on his first outing of the year on shot at the 13th for an eagle

Parcours, one from a fellow Australian, Peter O'Malley, after seeing six birdies on the front nine before holing his second shot at the 13th for an eagle.

Tennis

JOHN ROBERTS

reports from Dubai

Treating us to reminders of his sublime attacking style, Pat Cash came close, but not close enough, to eliminating the fourth seed, Wayne Ferreira, and earning a place in today's quarter-finals of the \$1m Dubai Open.

The 31-year-old former Wimbledon champion then packed his rackets and prepared to return to London and his role as

orphan of the tour, in limbo between the current generation and the senior circuit, unsure where his next match was coming from.

Yesterday Cash saved five match points before losing to Ferreira, the 1995 champion 6-3, 6-2, 7-5. The Australian depends nowadays on wild cards from generous promoters or has to rely on his willpower to see him through tough pre-qualifying events. His progress this week will raise his world ranking from 735 to around 570.

"The public think I've been retired for a while because I've been injured," Cash went on, expressing disappointment about the perceived indifference shown towards him by the Australian tennis establishment.

An heroic Davis Cup competitor during the 1980s, Cash was in Melbourne last month when the Australians were preparing to topple France, the holders, and is aggrieved at not being asked to hit with the squad.

"To say I'm being ignored by Tennis Australia and the people

who run the Davis Cup team would be an understatement," he said. "It's been that way pretty much since [John] Newcombe took over, but that's par for the course, so I'm not surprised."

Asked if he considered himself welcomed more by the tennis fraternity in Britain, his adoptive home, Cash said: "I do, yes, which is sad. I've been invited to hit with the British team and the British guys pretty much any time I want to. I've never been invited by Tennis Australia to do anything at all."

Asked if he sympathised with Ferreria, Ferreira said: "Any time he plays somebody else, I can't afford it when he plays me. I think he's lucky to be playing, and he should play to enjoy it, he's good at playing and not expecting too much."

Ferreira, unhappy with his own form even though he had helped South Africa reach the quarter-finals of the Davis Cup by defeating Russia in Durban last weekend, trailed Cash 0-5 after 18 minutes of the opening set before pulling his game together.

In the deciding set, Cash survived a fraught second game and then failed to convert any of four break points in the third game. Having saved the first match point with a stop volley at 4-5, Cash wasted two opportunities to crack Ferreira in the 11th game. Ferreira held for 5-6 when Cash mis-hit backhand across on game point. The Australian's tempest denied Ferreira four more match points on the 12th game before a mis-hit high backhand volley ended his tournament.

Cash has to take his chances after defeat

American football

JOHN ROBERTS

reports from Dubai

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Athletics

The British Athletic Federation has lost its bid to host the Northumbrian County competition for the world cross-country championships on 2 March and has switched the event to St Neots, near Cambridge, where they will still receive their quarterback allocation.

Organisers of the tournament, which is due to be held on 2 March, have blamed the decision on the organisers of the European Cup, who have chosen to hold their competition in Dublin instead of St Neots.

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Badminton

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Cricket

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Football

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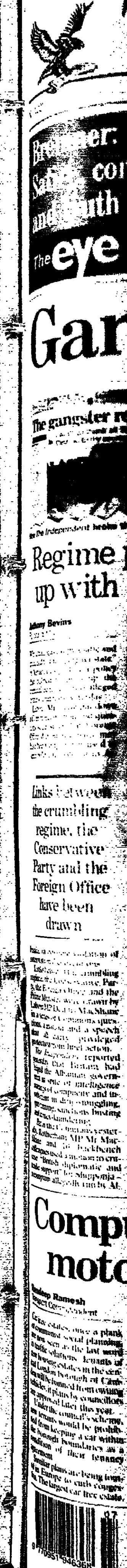
Ashton great

How the Irish have taken to their new coach, page 26

SPORT

Case for concern

Frank Williams' fears over Senna trial, page 27



England must put in hard work



Glenn Moore says Glenn Hoddle undermined his World Cup campaign by making too many changes

It is the biggest word in the football lexicon, bigger than *catenaccio*, bigger than Niki Papavasiliou, the Cypriot who gave Newcastle's shirt-stenciller nightmares. The word is "if" and, like many a beaten manager, Glenn Hoddle was resorting to it in the aftermath of Wednesday night's defeat to Italy.

"If that had gone in, it would be a different story," he said in reference to Matt Le Tissier's wayward 41st-minute header. Morning glory? Definitely maybe.

Unfortunately for Hoddle the difference between taking and missing chances is usually what matters at this rarified level, as Gianfranco Zola showed. Not that Italy's finishing was quite as good as Hoddle suggested. "They had one shot at goal and it went in," he bemoaned. That overlooks one excellent save by Ian Walker from Zola, a bad miss by the Chelsea striker, and two opportunities wasted by Dino Baggio. Five clear chances – more than England, for all their huffing and puffing, snapshots and cheap shots, created all night. Punch-drunk Angelo Peruzzi made England appear more dangerous than they were.

Hoddle sought to justify Le Tissier's inclusion by saying "it is not a gamble when you feel the game is going to be tight and the door might need to be unlocked. Le Tissier, with his talent, could do that."

So why, if he is so sure of Le Tissier's ability, did he not play him earlier? As Scotland found on Tuesday night, even the lesser international defences need unpicking. Le Tissier and Shearer may have played together for Southampton but no one would have suspected it on the strength of their previous joint-outings with England, including a full 90 minutes against Romania in late 1994.

The pair were like strangers in the dark, exchanging barely a handful of passes all night. Hoddle admitted as much afterwards. Oddly, Shearer did attempt to find Le Tissier early in the second period when he would usually shoot. A waste, as Le Tissier was beaten to the ball.

That happened too often. His mental anticipation was as slow as his physical acceleration. Unseen by the wiles and guiles of Italian defenders, he was beaten to the ball seven times and just as frequently balked. More unexpectedly his passing lost possession (10 times) as often as it retained it. True, he was



Alessandro Costacurta celebrates, Alan Shearer suffers as the final whistle blows at Wembley on Wednesday

Photograph: David Ashdown

involved twice as often in an hour as Zola was in 90 minutes, but that reflected England's dominance of possession. Unlike Le Tissier, Zola never stopped, he was always running off the ball, or harrying defenders who were on it.

The Saint tried but an early incident betrayed him. A misunderstanding meant he misread a Graeme Le Saux pass down the line. Angelo Di Livio went to collect and Le Tissier's shoulders slumped. Then, as he turned to moan upfield, he suddenly straightened, as if remembering an instruction, and rushed Di Livio. The Italian, surprised, canoed his clearance into Le Tissier and was lucky to escape with a goal-kick. An admirable effort, but neither automatic nor often repeated. Perhaps if he played for a club where he was less indulged, it would be – he needs the example Gianluca Vialli would set.

Italy worked like metronomes. Cesare Maldini had reason to be grateful for this undervalued legacy from Arrigo Sacchi: it led to the goal. It began with David Beckham midway in the Italian half. Pressed by Paolo Maldini, he passed to Gary Neville who, confronted by Pierluigi Casiraghi, moved the ball on to Sol Campbell. Zola closed him down and the ball went back, less accurately. Casiraghi, who had already clattered Neville, rushed in and the defender had to hit hopefully forward. The ball was collected by Fabio Cannavaro and, nine unpressured passes later, Alessandro Costacurta picked out Zola's run.

An exception? No. Remember Casiraghi forcing Ian Walker to hit a hurried second-half clearance? That led, 14 passes later, to Baggio running on to Demetrio Albertini's pass and chipping over. "Good players working hard," said George Graham once said of Milan, "that's their secret."

Apart from the virtues of hard work, which comes naturally to most English players, what else can be learned from Italy? Not to make too many changes, for one. Despite the new coach, their side had seven survivors from the one which drew with Germany in Euro96, England had four.

Injuries enforced several but the dropping of Gareth Southgate was curious. "I felt his fitness level had not recovered since his injury," Hoddle said.

The midfield four was solid but there was a lack of drive in

the centre, with Le Tissier too static and McManaman easily shackled. It meant Shearer was left isolated. Les Ferdinand did not appear to be the answer, he was even less involved than Le Tissier and his arrival made England as predictable as Scotland were when lumping the ball to Duncan Ferguson.

Teddy Sheringham is injured and Nick Barmby out of form but Merson, mobile, strong, quick to shoot and in rich form, should have played. Paul Gascoigne? England need his guile, but has he the legs or the discipline?

It was England's first defeat in 36 home World Cup matches and their second defeat of any kind in 29 games. That the other loss was against Brazil, in June 1995, underlines England's continued failure to overcome the very best – against the leading quartet of Argentina, Brazil, Germany and Italy they have

only won once in 10 years and 16 matches (and only then because Stuart Pearce's goal-line handball against Brazil in 1990 was not spotted). Fortunately England have a better record against Poland, and will be defending a 24-year eight-game unbeaten record when they travel to Katowice in May for what has become a key game – simply to make sure of coming second in the group, and thus gaining, at least, a play-off place.

Before then, England must beat Moldova at home in April. First up is a friendly, against Mexico. While Hoddle is right to welcome a first chance at experimenting without risk, England are unlikely to derive much benefit. More interesting will be the attendance, anything less than 40,000 will suggest Hoddle's honeymoon period is truly over.

The hard-fought win made Italy the first team to beat Eng-

land at home in a World Cup qualifier. Most Italians assumed a place in the 1998 finals was now assured.

In the new coach, Cesare Maldini, received many tributes. "A victory Italian style," said *Tuttosport*. "Cesare Maldini, 24 years after Ferruccio Valcareggi, leads an Italian team in taking Wembley by storm." Italy have beaten England many times in the past but the only previous occasion they have done so in England was in November 1973, when they again won 1-0 at Wembley. That team was coached by Valcareggi, and the goal scored by Fabio Capello, now Real Madrid's coach.

Wednesday's win seemed to have released years of pent-up frustration among Italian fans.

World Cup results, page 26

Italy full of pride and passion

Italy was a place full of pride yesterday – the day after their football team's 1-0 win over England in a World Cup qualifier at Wembley.

"Historic victory at Wembley," declared the *Tuttosport* daily newspaper. "Now we are the lions." Its headline "Zola genio, Italia si" needed no translating. Gianfranco Zola, the diminutive Sardinian who scored Italy's winner and who is also too familiar to English fans as a Chelsea striker, was the toast of the nation.

"It's Zola, it's Italy," said the *Gazzetta dello Sport*, above a picture of the jubilant player twirling away from goal with a finger ring. "Wembley is ours."

The players were the same but a new spirit was detected in their performance. "It is as if the new national team, regaining its old memory, had wiped out in just 90 minutes all of the most recent displays under Sacchi," *Tuttosport* said.

"It was an heroic undertaking," said Luciano Nizzola, the newly-appointed head of the Italian football federation and the man who gave Maldini his job late last year.

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Rusedski ready to continue his climb

Tennis

Greg Rusedski continues his recent winning run with a comfortable straight-set victory over Alejandro Hernandez in the first round of the San Jose Open in California.

The British No 2, who climbed 17 places from 50th in the ATP world rankings earlier this week after his appearance in the final of the Croatian indoor championship, was rarely troubled by his Mexican opponent and won 6-3, 6-4.

Further victories in California could see Rusedski, who is seeded No 7 in San Jose, rise above his highest-ever world ranking of 33, which he achieved in January last year.

Rusedski later tasted further success in the first round of the doubles with his German playing partner, Alex Radlmeier. They recorded a straight-set victory over Sweden's David Ekeroth and the American Jeff Tarango, winning 7-5, 6-3.

Steffi Graf, who has been troubled by a knee injury, has withdrawn from next week's WTA tournament in Hanover and may also miss Germany's Fed Cup match against the Czech Republic next month.

"I very much regret that I can't play in Hanover, but I have to allow the injury that appeared in Tokyo to heal completely," Graf said.

Graf, who has been forced to stop all training, had to withdraw from the Toyota Pan Pacific Open two weeks ago because of a severely aggravated patella tendon of the left knee, at the bottom from the kneecap. She saw her doctor in Heidelberg yesterday.

The knee problem first troubled Graf in June while she was preparing for Wimbledon. In October she was forced to withdraw in the semi-finals at Leipzig because of it.

The German's appearance in the Fed Cup match early next month depends on the results of another examination next week.

A spokesman for Graf said: "What's important is that Steffi is completely healthy and can appear pain-free at further Grand Slam tournaments this year."

Britain is guaranteed a finalist in the LTA women's satellite event in Birmingham, with Shirley Ann Siddall and Lucy Ahl meeting in the semi-finals today. In yesterday's quarter-finals Siddall thrashed Karen Cross 6-1, 6-2 and Ahl defeated the national junior champion, Louise Latimer, 6-4, 6-1. In the other semi-final Britain's Claire Taylor faces Tatjana Poutcheck from Belarus.

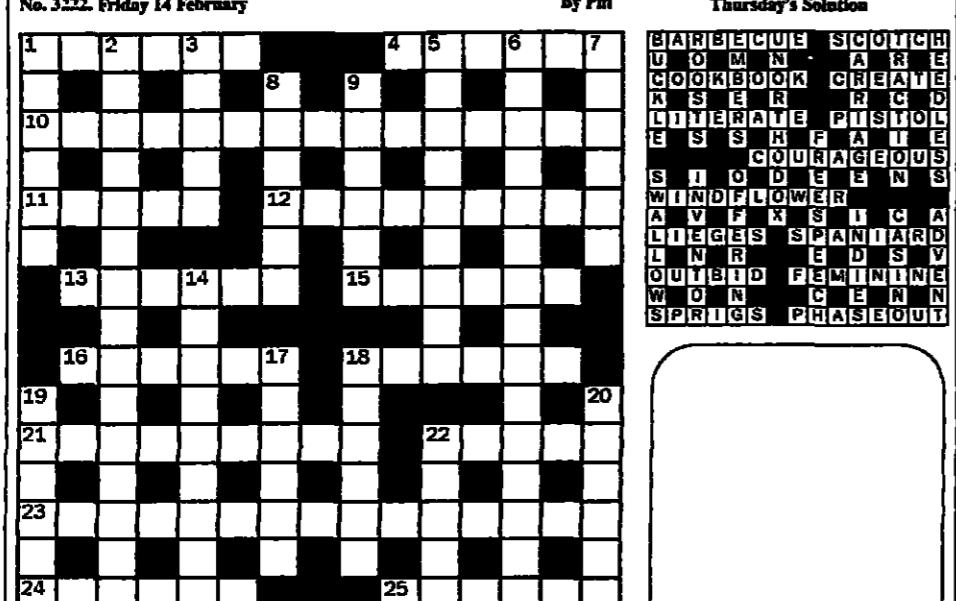
Dubai report, page 26

THE INDEPENDENT CROSSWORD

No. 3222. Friday 14 February

By Phil

Thursday's Solution



- ACROSS
1 Hint recalled by her playing card game (6)
4 Rank organised by military leader (6)
10 Televised eari broadcast about political event (7, 8)
11 Interrogate old King badly (5)
12 Correspondent's enclosure taking a day to finish (9)
13 Song's expression of surprise about rejection of benefit (6)
15 King is imprisoning a Queen and Emperor (6)
16 Believe Church has little power in performance (6)
18 First to hide in dark-coloured boat... (6)
21 ...usually at sea? (2, 3, 4)
22 Man getting rid of it or man holding to it? (5)
23 Trendy place ahead of the rest, giving reasons for taking it easy (8, 3, 4)

- DOWN
1 English period provides interest (6)
2 Pain in the neck about name involved in surprising defection – but it's a bluff! (10, 5)
3 Country sport beginning to ruin a student (5)
5 There's agreement in taking in nothing from this instrument (9)
6 Source of garbled statements (in which see Press miked) (7, 8)
7 Make bare or clothe? (6)
8 Being elusive is insolent (6)
9 Board having place for college scientist (6)

- 14 Raring to go? See Eve rare and go, possibly (9)
17 Radio's an oppressive thing a short yard away (6)
18 Signify what's not found in river? (6)
19 Playing it safe in celebration (6)
20 Successful student half-sees exam results (6)
22 Comment suggesting seeing isn't believing? (2, 3)

Ashton pledges warm welcome for England

Rugby Union

CHRIS HEWITT

reports from Dublin

Brian Ashton's purist approach to rugby is beginning to rub off on the Irish. The eternal underdogs are not simply promising chaos when they go toe-to-toe with England in Dublin tomorrow, they are promising "pur chaos."

At least, that is how they intend to start. "It would be remiss of us not to give England a traditional fire and fury welcome," grinned Ashton, four weeks into his post as Ireland's coaching adviser and enjoying every minute of it. By way of emphasis, his view was backed by Jim Staples, the captain. "I think we'll look to make the first few minutes a bit lively," he said.

"We've seen two England teams of late; the one that struggled to beat Argentina before Christmas and the one that turned it on in the second half against the Scots a fortnight ago. On that occasion, they showed the rugby of which they are capable if you let them play, but I would say now that the Irish are well able to produce something of similar quality."

The Irish trained in Limerick yesterday and their entire squad

was given a clean bill of health. David Corkery, the blind-side flanker from Bristol, and Jonathan Bell, Northampton's gifted centre, both play tomorrow after recovering from hand and rib injuries respectively.

Nick Popplewell, the most experienced forward in the home pack, has seen off a pulled hamstring and takes his place in the front row while Paddy Johns, the in-form lock from Saracens, showed no ill effects from a head wound suffered in training on Monday.

Wales will owe a huge debt to their centre Allan Bateman if they tear up the form book by beating France in Paris tomorrow. Bateman missed the defeat against Ireland, having undergone knee cartilage surgery and his absence confirmed just how much Wales need him.

"Allan's return has given us a great boost," the scrum-half Robert Howley said. "We missed his variation." Price right in 75, page 26

Be mine tonight.

Ditto.

Prost acquires Ligier F1 team

Motor racing

Alain Prost, France's former quadruple world champion, has bought the Formula One team, Ligier, after he agreed a contract with Peugeot to use its engines from 1998. The deal was struck after Eddie Jordan, whose team have a contract with Peugeot, gave up his agreement. The new set-up, which will be named after Prost, will be officially unveiled today.

Max Mosley, the head of the

sport's governing body, the FIA, and Bernie Ecclestone, the vice-chairman, were both keen to see the team line up on the grid for the first Grand Prix of the season in Australia in March.

The team will bear the name Prost-Mugen-Honda for the 1997 season until the Peugeot agreement begins at the start of the following year. However, Jordan, realising that a Ligier team headed by Prost, 41, would be a threat to a new contract with Peugeot, held out, despite all the other teams having

given their assent to Prost's acquisition, which required a unanimous vote for the change to go ahead.

Prost's compatriot Olivier Panis, the winner of last season's Monaco Grand Prix, and Shinji Nakano, of Japan, will be the team's drivers next season.

Peugeot have supplied engines to Jordan for the past three years, gaining their best result when Rubens Barrichello, of Brazil, and Eddie Irvine finished second and third, respectively, in the 1995 Canadian Grand Prix.

Bar's BRITAIN'S BEST SELLING PREMIUM HAND PULLED ALE SINCE 1777